Austria .... Sch. 18	Indonesia .. Rp 2700	Portugal .... Esc 88
Bahrain .. Din.0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium BFr.38	Japan Y550	Singapore . S$ 4.10
Canada .... C$2.00	Jordan Fils.500	Spain ..... Pta 110
Cyprus .... C£0.60	Kuwait Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 8.00	Sweden .. Skr 6.50
Egypt ..... E£1.00	Luxembourg . LFr.38	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan .... NT $85
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey ..... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. .... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India ..... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

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Hong Kong: painful questions after OTB rescue, Page 22

Hijack passengers face second ordeal

Shia Moslem gunmen blew up the cockpit section of the Jordanian Boeing at Beirut, after releasing the passengers and crew. They had hijacked the aircraft on Tuesday, and had it flown to Larnaca, Cyprus, and Palermo, Sicily, and were twice refused permission to land at Tunis.

Later in the day a Palestinian seized a Middle East Airlines Boeing at Larnaca. At least eight people on board had been aboard the other hijacked aircraft, six Jordanian crew members and two Americans.

Passengers said the hijacker said he was acting to avenge the previous hijacking. Eventually he gave up and was escorted from the aircraft by police, who said he asked to be flown back to Amman, the capital of Jordan.

World news

Pakistan to lift ban on parties

Pakistan is to lift a six year ban on political parties, said Prime Minister Mohammad Khan Juneja. The date would be decided after a parliamentary committee named last week to recommend a political framework to replace martial law issued its report.

Rebel base falls

The main base of the anti-Sandinista guerrilla organisation Arde has fallen to Nicaraguan troops. The base on the San Juan river, which separates Nicaragua and Costa Rica, has been the logistic and command centre for Arde for more than two years. Page 4

Israel stops project

Israel has stopped work on a controversial $1.5bn project to produce electricity by channelling water from the Mediterranean to the Dead Sea. Jordan and other Arab countries had protested about the plan, which would have involved a 160 km canal through the occupied Gaza strip.

Minister for trial

Former Bonn Minister for Inter-German Affairs Egon Franke is to be tried over the disappearance of more than DM 5m ($1.6m) from ministry funds.

President re-elected

Malian President Moussa Traore was re-elected for a further six-year term in a general election in which he was the only candidate. He collected between 98 per cent and 99 per cent of the vote, said Bamako Radio.

Peru rights probe

President Fernando Belaunde Terry of Peru said two U.N. officials would arrive in Peru on Sunday to investigate the disappearance of more than 1,000 people during the government's five-year-old fight against Maoist guerrillas.

HK backs down

The Hong Kong Government bowed to public pressure and scrapped proposed legislation denounced as an attempt to muzzle the press and stifle dissent in the run-up to Hong Kong's return to China. Under the legislation anyone who defamed the Legislative Council or reported its closed sessions could be jailed for three years. Page 3

Minister injured

South African coloured (mixed race) Deputy Minister Luwellyn Landers was seriously injured in one of three grenade attacks on homes and a police station in the Cape Town area. Page 3

Weinberger spy call

U.S. Defence Secretary Caspar Weinberger, commenting on a spy scandal that has compromised U.S. Navy security, said he felt spies should be shot.

Shoddy display

Incompetence at one Soviet shoe factory reached such a level that an entire shipment of boots was despatched to the shops with high heels attached at the toe. The boots were put on display at an exhibition of defective goods held in the Ukraine to shame manufacturers into improving efficiency.

Business summary

Two UK banks cut rates

TWO leading British banks, Barclays and Midland, cut their base lending rates by ¼ point to 12½ per cent, bringing them into line with the other two largest banks, Lloyds and National Westminster. Page 24; Money markets, Page 37

TOKYO stocks drifted lower despite brisk trading in large-capital stocks. The Nikkei-Dow market average shed 10.92 to 12,748.01. Page 44

LONDON issues reversed their previous session's trend to close lower. However, gilts continued to edge higher. The FT Ordinary share index closed 14.4 down at 984.0. Page 44

WALL STREET: At the close the Dow Jones industrial average was down 7.5 at 1,306.34. Page 44

DOLLAR showed little change in London, closing at DM 3.089 (DM 3.088), SwFr 2.5985 (SwFr 2.598), FFr 9.41 (FFr 9.4125) and Y249.8 (Y249.85). On Bank of England figures, the dollar's exchange rate index was unchanged at 145.7. Page 37

STERLING was firmer in London, gaining 45 points against the dollar to close at $1.2875. It was also higher at DM 3.915 (DM 3.9), SwFr 3.295 (SwFr 3.2825), FFr 11.92 (FFr 11.87) and Y316.75 (Y315.5). The pound's exchange rate index finished at 79.2 against 79.3. Page 37

GOLD fell $1 an ounce on the London bullion market to $314.25. It lost just $0.25 in Zurich to finish at $315.00. In New York the Comex August settlement closed at $316.70. Page 36

SINGAPORE's five biggest shipyards have agreed to call in an outside consultant to advise on the rationalisation of the recession-hit industry. Page 27

CONTROL DATA, U.S. computer group, has abandoned plans to sell its Commercial Credit financial services unit because of the risk of not finding a buyer at the right price. Page 25

SKIS ROSSIGNOL, French sports equipment maker, lifted its profits from FFr 27.4m ($2.9m) to FFr 41.9m in the year to March and expects demand to remain buoyant in the current year. Page 25

L'AIR LIQUIDE, French industrial gases group, stepped up its consolidated net earnings from FFr 1.09bn to FFr 1.29bn ($137m) last year and plans a one for five scrip issue. Page 25

NORWEGIAN shipping group turned investment company, Laly, is raising NKr 250m ($28m) through a sale of 5m new NKr 50 shares at par. Page 27

PIRELLI, the leading Italian cable and tyres group has won a L46bn ($23.5m) contract to provide the Public Utilities Board of Singapore with cables. The cables are to be manufactured in Milan and installed before April 1987.

DEUTSCHE SHELL, West German subsidiary of the Royal Dutch/Shell group, boosted net profits to DM 415m ($134m) last year from DM 344m in 1983 despite continuing heavy losses in its basic oil business. Page 25

UPI, the U.S. newsagency which filed for protection from creditors under bankruptcy laws, is seeking further concessions from its employees whose contracts, it says, present serious obstacles to would-be buyers.

Soviet leader explains plans for economic reform

FOR AN HOUR on Tuesday night, Soviet television viewers watched Mr Mikhail Gorbachev, their new leader, explain how he planned to change at every level the way in which the Soviet economy was run, writes Patrick Cockburn in Moscow.

He said that the ruling Politburo had sent back to be redrafted the next five-year plan (1986–90), which determines most aspects of Soviet economic life. "Above all," Mr Gorbachev said: "we need a mechanism that will make the output of outdated and ineffective products unprofitable."

Mr Gorbachev and Soviet economists who are protagonists of reform, have advocated in the past many of the changes now envisaged. The difference this week is that Mr Gorbachev and the Politburo have started taking practical measures in planning and allocating investment to implement the new reforms.

The problems have been apparent for many years. The structure and organisation of the Soviet economy, devised to overcome underdevelopment and the need to industrialise at speed, was formed in the 1930s. Little has changed since.

Mr Gorbachev said on Tuesday that by the early 1970s the failure to change towards quality production, less rigidly controlled from the centre and less dependent on cheap natural resources and labour, was having a serious impact. Despite sporadic calls for reform little was done until 1982, the year that President Leonid Brezhnev died.

Mr Gorbachev is now proposing to raise national income by more than 4 per cent a year without reducing the defence budget or cutting back on the growth in consumption. Investment will be directed towards the re-equipment of existing plants rather than building new factories.

Mr Mikhail Gorbachev

"Capital investment for reconstruction yields a return approximately twice as great as that in new construction," the Soviet leader said.

He cited the iron and steel industry as an example of how investment had been mismanaged in the past. Some 50bn roubles ($42.8bn) had been invested over 15 years most of which was "channelled into new, non-integrated construction, while no attention was given to the technical re-equipment of enterprises."

One Soviet author says that 30-40 per cent of all equipment now operating in the Soviet Union has been used for 15 to 20 years.

The plan for the next five years is to put half of capital investment into re-equipping plant, double the investment in machine building and speed up the retirement of obsolete equipment to twice its present rate.

"The time taken for construction work is incredibly prolonged," Mr Gorbachev said. "Projects must either be finished quickly or mothballed."

Investment for the next five-year plan will be concentrated in the most productive areas and not, said Mr Gorbachev quoting a Russian saying, dissipated on the principle of "earnings for all sisters." He said agriculture would not get a higher percentage of investment and was showing a poor return.

The other central feature of Mr Gorbachev's programme is to increase productivity by linking pay to quality production. Individual enterprises will get greater autonomy to determine their budgets, be less under the control of a central plan implemented by ministers and will see more rewards for their labour. Prices will rise.

Such changes require an enor-

Continued on Page 24

Editorial comment, Page 22

Two UK warship yards link before sell-off

By Andrew Fisher in London

BRITISH Shipbuilders is to combine two of its leading warship yards before selling them to the private sector in September. Vickers Shipbuilding and Engineering, Britain's largest warship builder, is to take over Cammell Laird.

The reorganisation by the state-owned group aims to create a combination of warship facilities capable of building any large ship required, although other UK yards will also compete for naval contracts. The Vickers sale will be by far the largest in Britain's disposal of warship yards.

As a subsidiary of Vickers, Cammell Laird will benefit from Vickers' technical and marketing strength, giving the yards the combined capacity to build nuclear and conventional submarines, frigates, destroyers and support vessels. It will keep its own identity.

Vickers is to build Britain's Trident nuclear submarines, for which a £200m ($254m) covered building facility is under construction at Barrow-in-Furness in north-west England.

The Vickers yard was formerly owned by the Vickers industrial concern, one of several groups seeking more compensation from the UK Government over nationalisation under Labour in 1977. Their cases will be heard by the European Court of Human Rights

Going up for sale in the next few weeks will be the Vosper Thornycroft warship yard in Southampton. Yarrow on the River Clyde in Scotland is being bought by Britain's General Electric (GEC) for £34m, while a management team hopes to acquire Swan Hunter on the Tyne in north-east England.

Northern Engineering Industries, the biggest employer on Tyneside, looked over Swan Hunter this month, but is thought unlikely to make a bid. Total proceeds from sale of the warship yards, with Vickers accounting for the largest slice, are likely to total less than the £140m cost of one frigate.

On its own, Cammell Laird is not regarded in the industry as an attractive prospect for sale to the private sector. But it won a life-saving frigate order in January as the government showed recognition of most of the workforce's return to normal working by crossing picket lines during last year's disruption over job cuts at the yard near Liverpool.

British Shipbuilders as a whole is expected to announce shortly a much reduced trading loss of nearly £50m for the year to March 31.

Singapore shipbuilders reorganise, Page 27

Bonn uses its first veto against cereal price cuts

BY IVO DAWNAY IN LUXEMBOURG

WEST GERMANY last night carried out its threat to veto a proposal to cut EEC grain prices in a move that carries political implications far beyond the reform of the Common Agricultural Policy (CAP).

This first formal exercise of the veto in the history of German EEC membership lays to rest for the forseeable future any hopes of a radical change in voting rules aimed at suppressing a member-state's right to block decisions reached by majority voting.

Reform of Community voting procedures is scheduled to top the agenda when EEC heads of government meet at the Milan summit later this month. But Bonn's willingness to use the national veto over the cereals issue ensures that it will remain a part of Community decision-making even if a much greater use of majority voting is agreed in Milan.

Bonn's action is also likely to hamper efforts by the strongest advocates of European union to win agreement for a special inter governmental conference to revise the Treaty of Rome – the legal foundation stone of the Community. Until the cereals row erupted three months ago, Bonn had formally supported abandonment of the right of veto and a substantial revision of the Rome Treaty.

A more modest proposal from the UK, aimed at politically disciplining the use of the veto, could now form the centre of the Milan discussions.

Furthermore, failure to agree a proposal for a cereals price cut of 1.8 per cent not only leaves unresolved a key element in the Commission's strategy to restrain farm surpluses, but casts doubt on the possiblity of a successful conclusion to the current debate on CAP reform.

Yesterday's veto came after almost four months of debate, throughout which Herr Ignaz Kiechle, the German Minister, had vigorously opposed cereals price cuts. After lengthy soundings, Sig Filippo Pandolfi, the Italian minister presiding over the Council, called a vote.

But when Herr Kiechle invoked the so-called Luxembourg Compromise, which enshrines the right of veto, Britain, France, Greece, Denmark and Ireland abstained, thereby signalling their support for the principle that member-states can block a decision where they judge their vital interests to be at stake.

Only the Benelux countries and Italy voted positively, indicating their long-standing refusal to accept the Luxembourg Compromise.

The Italian presidency has now abandoned any further attempts to resolve the grains issue, raising speculation that the row may be discussed at the Milan summit.

In the absence of a decision, the European Commission is obliged to manage the cereals markets. Ironically, Mr Frans Andriessen, the Farm Commissioner, made clear last night that he did not rule out measures that would enforce the price cuts Germany has so long opposed.

Decisions will have to be taken rapidly as new marketing years for rape seed and other grains begin on July 1 and August 1 respectively.

Brussels soft pedals Vredeling directive; Paris low key view of summit, Page 2

Basque killings cast a shadow

By David White in Madrid

BASQUE terrorists struck a multiple blow to undermine yesterday's EEC treaty-signing ceremony in Madrid, killing four people in shooting and bomb attacks.

The murders in Madrid and the Bilbao region took place within hours of the arrival in the Spanish capital of EEC heads of government and foreign ministers for last night's membership formalities, after a similar ceremony in Lisbon.

Terrorists in Madrid shot dead an army lawyer, Col Vicente Romero, and his military driver, and then claimed a third victim by booby-trapping their car with explosives. The car used for the shooting attack was left in an underground car park near a busy department store in the centre of the city. One policeman was killed and several others injured when they were sent in to try to deactivate the explosives.

About 8,000 people had been successfully evacuated from the El Corte Ingles store before the bomb went off. The terrorist commando was reported to have comprised two men and a woman.

The double attack, part of a spectacular new series of killings attributed to the Eta separatist organisation, was followed in the early afternoon by the shooting of a navy petty officer at Portugalete in the port region outside Bilbao.

Congress in Madrid issued a formal condemnation of the attacks, with the backing of all parliamentary groups.

The killings brought the toll of deaths by Basque terrorists since the beginning of May to 13, making it one of the worst periods for separatists violence for several years.

The attacks and their timing are seen as having a double aim: as a show of strength at a time when Basque and Spanish political forces are showing an unprecedented spirit of collaboration in the fight against violence, and as a protest against EEC entry.

EEC is enlarged with a flourish of signatures

BY QUENTIN PEEL IN MADRID

EIGHT prime ministers and four foreign ministers yesterday signed twice – in Lisbon and in Madrid – the Treaty of Accession to bring Spain and Portugal into the European Community.

They gave their formal endorsement to the terms for enlargement of the EEC from 10 members to 12 at symbolic ceremonies in both capitals, marked by pledges on the further political integration of Europe, and staunch support for the revival of democracy in the new member states.

A cavalcade of official delegations, headed by the prime ministers of France, Italy, Ireland, Belgium, Denmark and the Netherlands as well as Spain and Portugal themselves, shuffled across the Iberian peninsula to perform their twin duties and provide the theatre for saturation live coverage on local television stations.

In emotional speeches to mark the culmination of eight years of negotiation for membership, Sr Felipe González, the Spanish premier, and Sr Mario Soares, his Portuguese counterpart, pledged their efforts to see their countries reintegrated in the mainstream of European development.

At the same time, they both warned of the economic challenges their countries will have to face once they become full EEC members from January 1 next year.

The Treaty of Accession, and the so-called Final Act incorporating all the details of the entry negotiations, have to be formally ratified over the next six months by all 12 national parliaments before membership can be final.

The overwhelming emphasis of the speeches at the signing ceremonies was put on the political impetus for enlargement of the community, and on the need to bolster Spanish and Portuguese democracy after the demise of the Franco and Salazar dictatorships.

Sig Giulio Andreotti, the Italian Foreign Minister and current President of the Council of Ministers, speaking for the 10 current members, said: "Membership of the European Community follows naturally from the restoration of the values inherent in a pluralist democracy."

However, in an implicit warning to any state that might abandon its democracy, he declared that "within the process of European integration, there has never been, nor can there be, any turning away from the path of freedom."

The Portuguese signing ceremony was completed with remarkable despatch, finishing more than 30 minutes ahead of schedule. Sir Geoffrey Howe, the British Foreign Secretary, signed for the UK in the absence of Mrs Thatcher, who was kept in London for the state visit of the Mexican president. Herr Hans-Dietrich Genscher, the West German Foreign Minister, signed on behalf of his country.

In Madrid, where the ceremony was held in the Royal Palace, the main speakers emphasised the revitalisation of the community thanks to enlargement.

Sighs of relief, Page 2

UK work for Bosporus 'unlikely'

BY CARLA RAPOPORT IN TOKYO

BRITISH COMPANIES will not be getting any major subcontracts on the controversial £450m ($570m) Bosporus bridge contract, won last month by a consortium of companies, with heavy Japanese involvement.

The Japanese victory over a consortium which included the Cleveland Bridge subsidiary of Trafalgar House of the UK was badly received in Britain because of a $205m aid loan offered by the Japanese Government. Mrs Margaret Thatcher, the British Prime Minister, wrote to Mr Yasuhiro Nakasone, her Japanese counterpart, complaining about unfair competition, and asking that British companies be offered important subcontracts.

However the companies on the Japanese side of the consortium said yesterday that they were anxious not to set "a bad precedent" by which third-country governments were able to influence Japan over subcontracting.

Mr Ichizo Tsubaki, a manager at Ishikawajima-Harima Heavy Industries (IHI), the leader of the Japanese consortium, said that very few, if any, subcontracts would go to UK companies. He said specifically that Cleveland Bridge would not be given the subcontract for the bridge's superstructure.

IHI emphasised that the deal was strictly commercial with no bearing on international trade friction between Japan and the West. The Japanese companies in the consortium, which included Mitsubishi Heavy Industries, said they had "no contact" with government officials on the matter. "The Japanese Government has adopted a hands-off attitude to this matter," IHI said. The Ministry for International Trade and Industry (Miti) also said that the matter was a strictly commercial one.

Mr Tsubaki said that small orders for British companies might be granted, perhaps in procuring materials such as steel bars and wire ropes.

Last week, Mr Geoffrey Pattie, the British minister for information technology, revealed during a visit to Japan, that Mr Nakasone had replied to Mrs Thatcher's letter, claiming that the loans involved in the project were development assistance rather than export promotion credits.

Mr Pattie said that the British Government did not find his explanation satisfactory.

CONTENTS

Low-key approach to Milan by Paris

By David Housego in Paris

FRANCE now expects that the EEC summit in Milan this month will achieve no more than modest steps towards institutional reform but it has not entirely put aside hopes of more ambitious measures towards political integration.

That low-key approach towards the heads-of-government meeting was outlined yesterday by M Michel Vauzelle, the Élysée spokesman, and contrasts strongly with the expectations President François Mitterrand aroused earlier in the year with remarks about a "surprise" initiative in the EEC.

President Mitterrand had hoped that the settling of outstanding budget disputes and the enlargement of the Community would be followed at Milan by substantial steps towards political integration and a revision of the Treaty of Rome.

But in the face of lack of consistency towards the EEC by Chancellor Helmut Kohl of West Germany, and opposition towards a treaty revision by Britain and Denmark, France has since lowered its sights.

France now believes that a consensus is emerging among Community members over issues such as majority voting, the *opening up of* the internal market and the setting up of a political secretariat to co-ordinate views over foreign policy.

But the French Government does not believe that those steps will be sufficient to satisfy public expectations aroused in France, Italy and to some extent West Germany, of more substantial steps towards political integration.

Quentin Peel watches Spain and Portugal sign their treaty with the EEC

Sighs of relief greet the Iberian accession

THE GASP of relief which greeted yesterday's solemn signing ceremonies of the Spanish *and Portuguese* treaty of accession to the EEC was almost audible in 12 European capitals.

The signatures marked the culmination of more than eight years of activity, since Portugal submitted its application to join the Community in March 1977, *reaching a climax* of frantic negotiations and detailed drafting of the legal text in recent weeks. Negotiations on the final details were only completed at 5 am last Friday.

The signing of the treaty of accession and of the final Act to give it effect, now paves the way for ratification by all 12 national parliaments of the enlarged Community, in order to allow Spain and Portugal to become *full members* by January 1 next year. The timetable is tight but none of the member states believes it is impossible to meet.

From now on, however, both countries will sit in on EEC meetings as observers whenever matters affecting them are discussed. From September, they will be fully integrated into political co-operation meetings of foreign ministers, seeking to co-ordinate the foreign policies of the member states.

Inevitably, there were a few blank spaces in the 1,300 pages of documents attached to the treaty, as the jurist-linguists struggle to finalise and confirm the translations into all nine community languages.

The whole mass of documentation, intended to spell out the exact process of incorporation of the new members into all the *aspects of community activity*, from the common agricultural policy to the steel regime, is hedged about with special deals *which* the negotiators could not iron out in the final months. They include 36 annexes, 25 protocols on subjects from Spanish motor car tariffs to restructuring the Portuguese steel industry, and 47 declarations and joint declarations by the different member states on *issues not finally resolved*.

Key issues such as the application of the EEC social and regional funds *in both* countries, including which Spanish regions will be eligible, and whether they will have "super-priority" status, remain to be resolved.

All amendments to the secondary legislation of the community also have to be finalised; *from the trivial, just* incorporating the names of Spain and Portugal into particular EEC directives, to the more substantial, such as including Spanish and Portuguese wines in the list of "appellation controllee."

The European Commission has not yet been able to carry out a detailed study of the Spanish steel industry and how its restructuring complies with the regime in the rest of the community, another potentially sensitive area.

The treaty itself runs to 403 articles, compared with only 161 for the accession document for British, Danish and Irish membership in 1973. This is partly a reflection of the growing complexity of EEC affairs, but has also happened because the transitional arrangements for Spain and Portugal have been *spelt out in separate* articles, not combined.

The desperate rush to have the treaty signed by June has been dictated by the knowledge that it will take six months to get ratification by all the national parliaments. If the process were left any longer, *national elections in several* member states would intervene, and jeopardise the outcome.

"It has been an awful sprint these last few months to get it finished," says one national negotiator. "It would have been much more comfortable to have had another six months' negotiation. But *politically it* was not on to put off the signature. Anyway, knowing the community, *it* would never have been finished without a final deadline."

Prime Minister Mario Soares (centre) pictured in Lisbon yesterday with Sr Felipe Gonzalez (left), his Spanish counterpart, and Sr Fernando Moran, Spain's Foreign Minister

Brussels soft-pedals Vredeling proposal

THE EUROPEAN Commission is prepared to allow proposals to increase employee involvement in large companies to take a back seat in the interest of fostering a joint *employer-union approach* to improving the operation of the EEC labour market, writes Paul Cheeseright in Brussels.

EEC ministers are scheduled to discuss social affairs today, including the so-called Vredeling proposal, which in different forms has been on the table for nearly five years.

If adopted, the proposal would mean substantial changes in the way companies consult and inform their employees.

The proposal has divided the employers' organisations and unions and been sharply criticised by the UK Government. Although there is a readier acceptance of the principle among other EEC countries, many still have reservations about the details.

Mr Peter Sutherland, the Commissioner for Social Affairs, will seek to prevent a political row on the subject without abandoning the proposal itself.

The fear is that a dispute on Vredeling now would severely damage the dialogue between industry and unions

Jaruzelski hints at loan hopes

By Christopher Bobinski in Warsaw

THE POLISH leader, General Wojciech Jaruzelski, says that four Western countries have been "forthcoming" in their response to Poland's quest for new loans.

He named West Germany, Italy, Finland and Austria, during talks here with Mr *Shintaro Abe, the Japanese* Foreign Minister, who told him that Japan could only consider fresh credits once Poland had signed its agreement with the Paris creditors club.

The agreement rescheduling $12bn worth of debts falling due between 1982-84 was initialled last January, but Poland insists it will only sign once the chance of fresh Western credits opens up.

A delegation headed by Mr Zbigniew Szalajda, a Deputy Premier, is at present in West Germany exploring the prospects for increased co-operation, backed partly by credits. But the Poles, who are looking to the West to raise some $1bn this year in fresh loans, reckon the as yet undisclosed West German credit offer to be too small for their needs.

Mr Abe, for his part, confirmed Japanese support for Poland's application to join the International Monetary Fund. This support comes as progress on the application seems to have slowed as a result of U.S. displeasure at recent human rights violations in Poland.

Polish officials have said that work by IMF experts on the application was completed *at the beginning of April*, and Mr Jerzy Urban, the government spokesman, has refused to be drawn in public on when Poland might join.

IMF officials responded yesterday that Poland's application was being processed in the normal way. Fund *officials had made three trips* to Poland this year, but could not yet assess how long entry preparations would take.

● Defence lawyers *making their final speeches* in the trial of three prominent Solidarity activists at Gdansk have declared their clients' innocence and implied that the defence was hampered by the judge.

At the same time, Pope *John Paul II spoke in Rome* yesterday of his concern about the trial.

Lisbon move on resignations

By Diana Smith in Lisbon

THE 19 MINISTERS and secretaries of state representing Lisbon's minority Social Democrats (PSD) in Portugal's two-year-old centre left coalition are expected today to send their letters of resignation to Sr Mario Soares, the Socialist premier.

This obeys the pre-emptory announcement last week by the new PSD leader Sr Anibal Cavaco Silva that his party would abandon the coalition 24 hours after the signature of Portugal's EEC accession treaties.

The President of the Republic, General Antonio Ramalho Eanes, who must find a solution for Portugal's latest government crisis, will continue his consultations with political parties and the consultative Council of State after the long pause created by two public holidays

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France ready to meet Jordanian, Palestinian team

BY DAVID HOUSEGO IN PARIS AND ROBERT MAUTHNER IN LONDON

FRANCE is ready to meet a joint Jordanian-Palestinian delegation *as part of the* search for a Middle East peace settlement. M Roland Dumas, the French Foreign Minister, told the French National Assembly yesterday.

He also confirmed that the matter would be brought up "in the next few days" in the EEC Council of Ministers. The general assumption is that it will be discussed at the Council of Foreign Ministers in Luxembourg on June 18, *following* a preliminary exchange of views on the subject between the foreign ministers at their informal meeting in Stresa last weekend.

It is understood that the possibility of Britain receiving a joint Jordanian-Palestinian delegation was raised at the *talks* between King Hussein and Mrs Margaret Thatcher, the British Prime Minister, in London last week.

Mrs Thatcher's view, however, is said to be more cautious than that of the French Government. Though there is no objection in principle to receiving a Jordanian-Palestinian delegation in London, officials emphasise that it would first of all have to be clear that such a visit would help the process of finding a peace settlement.

The names of possible Palestinian members of the joint delegation which have been mentioned appear to be acceptable to the British government. But it sees no virtue in seeing a delegation which would not also be acceptable to the Israelis. The ultimate aim, after all, is to bring about direct talks between the Jordanians, Palestinians and Israelis, officials stressed.

Another problem is to decide on the right sequence of events: when and where the joint delegation should be received. Britain is anxious that the efforts by the U.S. and Jordan to work out an agreement on this question should not be pre-empted by any untimely European moves.

French bank chief urges lifting of exchange controls

BY PAUL BETTS IN PARIS

M MICHEL CAMDESSUS, the governor of the Banque de France, yesterday called for a gradual lifting of French foreign exchange controls, arguing that the move would strengthen European monetary integration.

The central bank governor added that he also hoped sterling would eventually join the European Monetary System since this would represent a "notable progress" for integration.

The French Government has already begun easing the country's rigid exchange controls with a series of relatively modest measures, but it was the *first* time that M Camdessus expressed in public his support for lifting controls.

The French central banker, in *an address to the American* Chamber of Commerce in France, referred to the West German argument for the need to remove exchange controls in Europe to strengthen the EMS. "The Germans are right and French ideas on the subject have since evolved," he said.

During the past 12 months, the Socialist Government has been relaxing exchange controls in France by reducing some of the constraints on French residents transferring funds abroad and on French companies investing outside France. *The French monetary* authorities also recently reopened the Eurofranc bond market.

However, M Camdessus appeared generally pessimistic about the outcome of the international monetary talks. He claimed that the confidential two-year study prepared by the Group of 10 to be *discussed at* the ministerial meeting in Tokyo next week contained "nothing in it."

The study on the reform of the international monetary system was commissioned at the Williamsburg summit of industrialised nations in 1983. France plans to push its concept of currency "target zones" at the Tokyo meeting to try to reduce large scale and rapid exchange control fluctuations.

However, U.S. officials made it clear yesterday that the U.S. would not make any concessions on this issue, although it was prepared to continue consultations on reforming the in*ternational monetary system*.

France appears to be mainly interested at this stage to see this consultation process continue. The mechanism on how future consultations are to proceed is expected to be at the centre of discussions in Tokyo.

M Camdessus also argued for the need of other industrialised countries to take up the slack from a slowdown in U.S. economic growth. Although he acknowledged that the idea of "locomotives" was no longer acceptable, he said. "If the U.S. economy slows down we *must find other countries to* take over."

He implied that countries like Japan and West Germany would have to accept their responsibilities in economic growth.

Weak growth and fall in inflation rate forecast

BY OUR PARIS STAFF

FRENCH private forecasting institutes believe the inflation rate will continue to fall in France next year but that economic growth will remain weak.

The BIPE which published its *forecasts* yesterday anticipates that after a 6.7 per cent year on-year rate last year, the French *inflation rate* will fall to 5.6 per cent at the end of this year and to 4.9 per cent this year and to 4.9 per cent by December 1986 — a level not reached since 1970.

The OFCE Observatoire francais des conjonctures economiques (OFCE) believes the inflation rate will fall to 4.8 *per cent next year*.

Although both institutes foresee that increases in domestic purchasing power and investment will give a boost to economic activity, the recovery will be slow. The OFCE sees a 0.6 per cent growth in real GNP this year rising to 2.1 per cent in 1986, while the BIPE forecasts a 1.1 per cent real growth rate this year followed by 1.7 *per cent in 1986*.

The two institutes differ in their analyses of the evolution of the trade deficit. The BIPE predicts a deficit *this year of* FFr 22bn (£1.85bn) declining to FFr 8bn in 1986.

The OFCE assumes a decline in the dollar with as a result a deficit this year of FFr 15bn giving way to a FFr 16bn surplus in 1986.

OECD warns of threat to Iceland's strategy

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

RISKS OF permanent setback to Iceland's counter-inflation strategy are "looming large," according to the Organisation for Economic Co-operation and Development.

Substantial gains have been made since the early months of 1983 with inflation falling from an annual rate of more than 130 per cent to about 15 per cent by the third quarter of 1984.

But the Government's economic programme was *thrown* badly off course by strikes last autumn which forced through a series of inflationary wage settlements. These have helped send inflation back to 25–30 per cent.

In its latest survey of Iceland's economy, the OECD is severely critical of the Government's failure to support its stabilisation policies with fiscal and monetary restraint.

The country's recent experience illustrates clearly "the risks involved in trying to achieve lasting success against inflation without appropriate *monetary and fiscal* policies," it says.

The OECD appears doubtful that Icelanders have accepted "the necessary costs of stabilisation policies," but it argues that the country has no *realistic alternative to pursuing* its anti-inflation programme "with greater determination."

The policy options of the past, when Iceland was able to operate in a high inflation environment without a serious impact on real growth and living standards, are no longer available, says the report.

"The fishing sector — on which the country is still heavily reliant — is faced with serious structural difficulties; foreign indebtedness is very high and real interest rates have now become substantially positive; the *current* external balance runs a large deficit; price and wage increases have re-accelerated."

The organisation expresses particular concern about the way Iceland's foreign debt has soared. The level in relation to Gross National Product at about 63 per cent last year was the second highest in the OECD after Ireland.

South Africa bomb attack injures coloured minister

BY ANTHONY ROBINSON IN JOHANNESBURG

MR LLEWELLYN LANDERS, a 37-year-old coloured MP who was appointed as deputy Minister of Population Development in President P. W. Botha's recent governmental reshuffle, was severely injured early yesterday by a grenade thrown into his bedroom.

Another coloured Labour Party MP, Mr Fred Peters, escaped injury in a similar attack while a Soviet made grenade was also thrown at a police station in the nearby black Cape Town township of Langa. Police later found an unexploded Soviet-made limpet mine fixed to the wall of the police station.

A hitherto unknown group, calling itself the Western Cape Suicide Squad, later claimed responsibility for the attacks in a telephone call to the local offices of the South African news agency, Sapa.

President P. W. Botha, who vsited the injured deputy minister in hospital denounced the bombings as "a cowardly act of terror." Mr Louis le Grange, the minister for law and order, who is expected to face opposition calls for his resignation when Parliament debates the Kannemeyer Commission report on the Uitenhage shootings today, said he had no doubt that the attacks had been made by the banned African National Congress (ANC).

Mr le Grange described the attack as "a premeditated murder attempt" and added "it confirms our own evidence that we're not dealing with children's games here.' '

The bombings, which follow a spate of similar attacks on semi-military targets and the offices of mining companies Anglo American and Anglovaal in Johannesburg and elsewhere in recent weeks, appear to be part of a renewed terror campaign by the ANC or Affiliates.

Mr Allan Hendricks, leader of the coloured Labour Party in the House of Representatives, said: "We believe these acts underscore the fact that our participation (in the new tri cameral Parliament) is proving a success and is an attempt to shift the spotlight from them."

The participation of coloureds (mixed race) and Asians in Parliament deeply split the two communities. Opposition to the new constitution was one of the rallying points of the anti-apartheid United Democratic Front (UDF) and other organisations which have contributed to the increased radicalisation of the South African political scene over the last 20 months.

But the rise in violence over recent months is not confined to opponents of the constitution, as was revealed in a seperate Press conference held in Johannesburg yesterday by the UDF.

The Rev Frank Chikane, a UDF activist, told the conference that the Front had uncovered a plot by an unnamed group of whate extremists to kill or kidnap 13 prominent black leaders, including Bishop Tutu, the Nobel Peace Prize winning Anglican Bishop of Johannesburg.

Two whites, Dr David Niddrie, editor of the Sunday City Press, a newspaper aimed at black readers and Mr Stanley Kahn, director of the Funda Educational Centre in Soweto, were also on the list.

Meanwhile, leaders of the South African Council of Churches (SACC), who have been seeking to halt the violence between rival black factions in the township, yesterday called for reconciliation because intra black violence "hampered the cause of justice and peace."

Alain Cass and Simon Henderson examine the fears that Karachi is close to acquiring nuclear weapons

The nuclear threat behind Pakistan's grim pursuit

THE RUINS of some old Sikh temples overlook the Khan Research Laboratories at Kahuta, south east of Pakistan's capital. The site used to be a favourite picnic spot for foreigners living in Islamabad.

In 1979, a few months after the French Ambassador, one of his staff and a British journalist were beaten up by security men guarding the top-secret Kahuta plant, an American diplomat took a visitor for a picnic. The diplomat was extremely nervous but the visitor, a satellite photography expert from the U.S. National Security Agency, had come to do a job and he was fascinated by what he saw.

It is no longer possible to picnic by the old temples. A heavily-guarded road-block turns away snoopers: tanks guard all roads to Kahuta, while French Crotale surface-to-air missiles and anti-aircraft guns watch the skies. The complex is widely believed to be the nerve centre of Pakistan's persistent efforts to acquire nuclear weapons.

What goes on behind the heavily-guarded barbed-wire perimeter wall at Kahuta will be a topic of prime importance when Mr Rajiv Gandhi, the Indian Prime Minister, meets senior U.S. officials, including President Ronald Reagan, in Washington this week.

Pakistan has always denied any intention to make nuclear weapons, claiming that Kahuta is part of its civil nuclear programme. Yet Pakistan's sole power reactor in Karachi uses natural uranium rather than the enriched uranium that Kahuta can produce.

Also, in 1982, Western governments stopped attempts by Pakistan to buy in Europe 48 hollow stainless steel spheres, each the basis of an enriched uranium bomb with the destructive power of that used on Hiroshima in 1945.

Last year, a Pakistani was arrested in the U.S. for trying to buy 50 krytons—electronic switches which can be used in nuclear bomb triggers. President Zia-ul Haq's bland comment was that the krytrons were for flashing lights, "the type used on the top of ambulances."

India now claims that Pakistan is close to acquiring nuclear weapons. For the first time this year the annual report of the Indian Defence Ministry raises the issue of nuclear weapons on the subcontinent. It warns of Pakistan's "relentless pursuit of nuclear capability with the assistance and connivance of certain countries."

Mr Gandhi, shortly before his visit to the U.S., repeated the claim and warned that India may have to reconsider its policy of not producing its own system. India exploded a nuclear device in 1974 and now has a major nuclear energy programme including three large plants. But the Government has always maintained that it would neither develop nor stockpile nuclear weapons, regardless of what Pakistan did; a position which successive Indian leaders have found increasingly difficult to defend.

Aside from Kahuta, there are also worries about activity at the Pakistan Institute of Nuclear Science and Technology (Pinstech) in Islamabad. Pakistan has built a small reprocessing facility capable of producing plutonium, another possible bomb material, at the complex there called the New Labs. American intelligence says that at another block in the complex Pakistan is trying to forge specially-shaped plates, crucial parts of an atomic bomb.

Pakistan's bomb project dates from 1972, following the country's defeat in the third Indo-Pakistan war over Bangladesh.

Since then, Pakistan's covert efforts to acquire a nuclear weapons capability has developed rapidly. The Kahuta centre was established in 1976 and a series of clandestine operations were launched abroad to acquire the necessary technology to manufacture nuclear weapons.

Most Western officials now believe that Pakistan is not far from acquiring nuclear weapons. One knowledgeable U.S. official said: "The reasons for which Bhutto originally wanted Pakistan to have the bomb haven't changed. Pakistan has always believed in the need to restore the equilibrium with India which is much bigger and more powerful. Pakistan now has the additional worry of 100,000 Russian troops in Afghanistan. What would you do in their shoes? I'm afraid it's inevitable."

The acquisition of nuclear weapons by Pakistan and a decision by India to follow suit would have a profound impact on the balance of power in the subcontinent as well as posing real dangers. India, might be tempted to mount a conventional attack on Islamabad's nuclear installations, almost certainly triggering another war between the countries.

The Soviet Union would come under pressure to go to India's aid. The U.S., which is in the middle of a six-year \$3.2bn (£2.5bn) military and economic assistance package to Pakistan, would be torn between its commitment to stand by an ally and its desire to reduce tension in an area of strategic importance

When Mr Gandhi meets U.S. officials he will demand that Washington exerts even greater pressure on Pakistan to halt its bomb-making efforts. The U.S. will point out that it is doing everything it can to restrain Pakistan. Last September, President Reagan sent President Zia his sternest warning yet. The unpublicised letter warned that the U.S. aid programme, started in 1981 after the Russian invasion of Afghanistan, would be put at risk if Pakistan continued to proces uranium at the Kahuta plant beyond 5 per cent enrichment. Natural uranium contains 0.7 per cent of the fissile isotope uranium-235. Bombs usually need 90 per cent enriched material.

Intelligence officials suggest that President Zia has taken heed of the U.S. warning and has slowed the Kahuta programme down temporarily.

Early this year some 200 employees were made redundant at Kahuta. At the same time Dr Abdel Qadeer Khan, the man who heads Pakistan's nuclear effort, was made responsible for some non-nuclear weapons development.

China, which was publicly accused last year by U.S. Senator Alan Cranston of providing Pakistan with design assistance since the late 1970s, has also come under increasing pressure from President Reagan to distance itself from Islamabad's efforts.

The Nuclear Co-operation Agreement between the U.S. and China initialled last year has been held up because of Peking's refusal to give sufficient assurances about its Pakistani connections.

However, there are limits to U.S. leverage over Pakistan. The Russian invasion of Afghanistan has transformed Washington's attitude to Pakistan which it now regards as a front-line state in the fight against Soviet expansion.

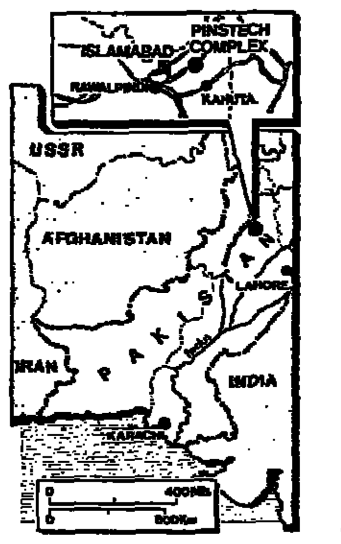
Western and Indian officials are also aware that technological advances mean that it is no longer absolutely necessary to carry out a full-scale nuclear test before going on to manufacture a weapons system.

One approach to persuade Pakistan to abandon its nuclear efforts would be to offer it a broad defence treaty with the U.S., possibly placing it under the American nuclear umbrella like Japan. But Pakistan would be loathe to depend entirely on the U.S. for its security—the U.S. has cut off aid to Islamabad three times in the past and is already considered by Pakistan as a fair-weather friend. The U.S. for its part, would not wish to have to extend military aid to Pakistan unconditionally.

INDIAN Prime Minister Rajiv Gandhi is waging a propganda war with baseless charges that Pakistan is building nuclear weapons in an attempt to damage Islamabad's relations with the U.S., the Pakistan government said yesterday. AP reports from Islamabad.

Mr Zain Noorani, Minister of State for Foreign Affairs, told the National Assembly that Mr Gandhi has been making numerous "baseless statements" about Pakistan's nuclear research programme. Mr Gandhi has repeatedly charged in recent weeks that Pakistan is close to building a nuclear bomb.

Mr Noorani said: "The Government of Pakistan is disappointed and perturbed at the Indian attitude.



Accusations flow between Pakistan's President Zia (left) and Indian Prime Minister, Rajiv Gan dhi

Mine owners and unions begin talks on wages

BY OUR JOHANNESBURG CORRESPONDENT

NEGOTIATIONS between the South African Chamber of Mines, representing Gold, platinum and coalmine owners, and the national Union of Miners (NUM) representing 110,000 black miners begin today after lengthy delays caused by disagreements among mine owners about the negotiating mandate.

The NUM delegation, headed by Mr Cyril Rampahosa, the general secretary, is expected to claim a 40 per cent wage rise, improved holiday pay and fringe benefits and demands for the abolition of labour preference rules which reserve many skilled positions for white miners.

Last year the NUM put forward a 20 per cent wage claim but eventually settled on 14 per cent after the first brief legal strike by black miners. This year's talks take place against the background of bloody strikes and mass sackings in Anglo American and Aglovaal mines two months ago and rising militancy among black miners.

Meanwhile AECI, the chemicals, paint and explosives corporation, owned 40 per cent by Anglo American Corporation and 38 per cent by Imperial Chemical Industries (ICI), yesterday reported that a threatened strike at two chemical plants and sympathy strikes in six others involving a possible 14,000 black workers did not take place.

A controversial ruling by a Rand Supreme Court judge last week made labour history by declaring sympathy strikes legal under certain circumstances.

Unita releases missionary

UNITA, the South African-backed movement fighting a guerrilla war against Angola's left-wing government, has released an Irish missionary wounded in a Unita ambush at Malanje, about 200 miles from the capital, Luanda, our foreign staff write.

Father John Kingston of the Holy Ghost order was attacked on May 26 when he returned to Malanje from a trip to the interior, despite the fact that Unita had temporarily seized the town. Another Holy Ghost missionary, French-born Father Etienne Wosnyak, was killed in the ambush.

Father Kingston is recovering in hospital at Malanje, where the government has regained control. He was marched and carried through the bush for 11 days by a Unita column before being released.

Unita's ability to gain even temporary control over a regional centre like Malanje, on the main railway line from Luanda to the interior, highlights the weakness of the Government's hold over much of the country.

HK softens press Bill

THE Hong Kong Government bowed to public pressure yesterday and scrapped proposed legislation denounced as an attempt to muzzle the press and stifle dissent in the run-up to the British colony's return to Chinese sovreignty, Reuter reports from Hong Kong.

Under the legislation, anyone who defamed the Legislative Council or reported its closed sessions could be jailed for up to three years.

Chief Secretary David Akers-Jones told the council, the territory's appointed administrators, that these clauses would be dropped. He said other ways to safeguard secret information would be considered

Egypt braced for confrontation with Islamic fundamentalists

BY TONY WALKER IN CAIRO

THE EGYPTIAN Government, facing a growing challenge from Islamic fundamentalism, has threatened to use force against unauthorised street demonstrations.

An Interior Ministry directive issued late yesterday warned against attempts by "some elements to whip up the feelings of the masses by urging them to participate in marches or demonstrations." It said instructions had been given to "security agencies" to confront planned agitation.

The directive was provoked by a threatened demonstration tomorrow by followers of a militant Egyptian activist who wants the immediate introduction of Islamic sharia law in place of Egypt's existing legal code.

The call, by Sheikh Hafez Salama, for a march on Cairo's Oruba Palace — President Mubarak's administrative headquarters—is a direct challenge to the Government which has been trying to avoid a confrontation with Islamic militants over the imposition of sharia.

The Islamic code, which dates back more than 1,000 years, establishes strict and comprehensive rules governing human behaviour. Penalties for wrongdoing are severe and in extreme form may include flogging and amputation for crimes such as stealing and adultery.

Sheikh Salama, a popular nationalist figure, who led Egyptian resistance against the Israelis in the town of Suez in the 1973 war, said last month that if the Government refused to begin applying sharia by mid-June, he would organise a mass demonstration.

The Government banned the demonstration and Sheikh Salama appealed against the ban to the administrative court which deferred a decision until Saturday, the day after the planned demonstration.

It is unclear whether Sheikh Salama plans to go ahead with the march. In any case, the episode will not mark the end of skirmishing between Mr Mubarak's moderate administration and fundamentalists.

Egypt's parliament, the People's Assembly, has spent months debating application of sharia and recently arrived at a compromise whereby a parliamentary committee was empowered to examine Egypt's legal code to see where it differed from sharia.

Growing fundamentalist influence in Egypt was almost certainly in part responsible for the recent abolition of a 1979 law which sought to protect women's rights in the case of divorce and also the decision in May by a Cairo court to ban new, unexpurgated editions of the Arabic classic, "Thousand And One Nights," on the grounds that it was salacious material.

Marcos warns on insurgency

BY SAMUEL SENOREN IN MANILA

PRESIDENT Ferdinand Marcos of the Philippines acknowledged yesterday that insurgency had become a serious threat to the stability of his 20-year-old Government, but quickly assured the nation that the armed forces were prepared to deal with the problem.

In a rare public appearance outside his palace yesterday afternoon, Mr Marcos spoke for 40 minutes at nearby Rizal Park during rites marking the Philippines 87th year of independence from Spain.

The celebration, organised by Mr Marcos' powerful wife Imelda, featured a grand military parade that showed the latest deliveries of U.S.-supplied military hardware, mostly light armoured vehicles and helicopters.

Mr Marcos told the audience that he would not hesitate to use armed forces "to protect the stability and peace of the nation."

The 67-year-old President who is also commander-in-chief of the armed forces, had threatened to reimpose martial rule "the moment there is fighting the streets." He ruled by decree from 1972 up to 1981.

Mr Marcos' martial rule regime spawned the rise in the insurgency problem. Yesterday's independence day ceremonies clearly showed a divided nation.

While Mr Marcos addressed a crowd led by government functionaries, another large group of anti-Marcos protesters and opposition politicians held their own celebration in a park about a mile away.

In suburban Quezon City, the largest opposition party, Unido, held its convention with some 10,000 people attending, and proclaimed its chairman, former Senator Salvador Laurel, as its presidential candidate for the 1987 elections.

Mr Laurel, 56, believes that a "snap" presidential election will be held before 1987.

Mr Marcos has already publicly declared that he will run again for the presidency in 1987.

Elections help Ershad to consolidate grip on country

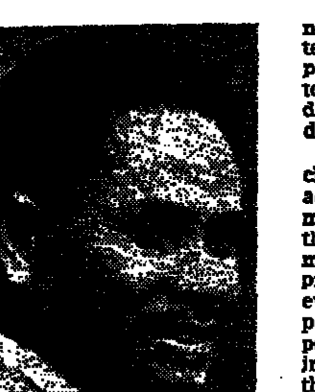
BY SAYED KAMALUDDIN IN DHAKA

THE SUCCESS of the recent two-phase local elections in Bangladesh has helped Lt-Gen Hussain Mohammad Ershad, the country's military ruler to further consolidate his grip on the nation.

Despite the political opposition's efforts to prevent the polls, more than 40 per cent of the 45.6m voters turned out to elect nearly 500 chairmen of local councils from among more than 2,000 candidates.

Formal political activity was banned in March, when the military regime reimposed harsher martial law rules. But the candidates were allowed to campaign individually, and it is estimated that these "free-spending" candidates spent about taka 500,000 (about £14,705) on average for a total of more than taka 1.2bn, enough to attract a large number of volunteers.

Obviously jubilant, Gen Ershad said that the people had rejected the politics of violence and opted for returning the country to democracy.



Ershad: confident

Gen Ershed has effectively out-matched his political opponents. While the opposition's terror-tactics did create an impact in urban areas, they failed to intimidate voters and candidates in the all-important rural districts.

The newly elected council chairman are responsible for all administrative and development issues in their areas under the milltary Government's administrative decentralisation programme. This programme evolved out of Gen Ershed's personal policy when he took power through a bloodless coup in 1982. He said at the time that "Bangladesh will survive only if its 68,000 villages survive."

The council chairmen will be heading mini-secretariats with a dozen officers and other supporting staff dependent on the central Government for funds. In effect, they will be acting as grass-root extensions of the establishment and will have to behave loyally to obtain finance.

They will also emerge as the most influential political group in the countryside and could become the natural base for Gen Ershed's further political ambitions, playing a pivotal role in parliamentary and presidential elections, if and when Gen Ershed decides to hold them.

Gen Ershad, appearing considerably more confident after the elections, has again started suggesting a possible relaxation of martial law, a fresh dialogue with the opposition and the gradual resumption of formal political activity.

He has released the two most important opposition leaders held under house arrest since the March crackdown: Mrs Sheikh Hasina Wajed (daughter of the late President Sheikh Mujib, who is chief of the country's 15-party opposition alliance and president of the Awami League) and Begum Khaleda Zia (widow of the late President Ziaur Rahman, head of the country's seven-party opposition party alliance and president of BNP). Other detainees are expected to be released soon.

● Gunmen killed a former MP and his son and wounded a nephew in Jessore district southwest of Dhaka, police told AP yesterday in the Bangladesh capital. They said Mr Said Exhlasuddin Ahmed, his son Ehteshamul Huq and the nephew were riding a motorcycle on Tuesday when assailants hiding in a bush opened fire.

Police said they arrested a young man in connection with the slayings and were investigating the possible motive. Mr Exhlasuddin was a leader of the Awami League, and opposition parties have called for a half-day general strike in the MP's hometown of Narail to protest against the murders.

AMERICAN NEWS

Reagan pledge to explore direct Nicaragua talks

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has adopted an unusually conciliatory tone towards Nicaragua in a bid to persuade the Democrat-controlled House of Representatives to approve new aid for the anti-government contra rebels. With the House due to vote late last night, Mr Reagan formally disclaimed any intention of trying to overthrow the Sandinista Government by military force and promised to explore ways of resuming direct talks with Managua.

In a letter to Mr Dave McCurdy, an Oklahoma Democrat working with the Republicans to win passage of a $27m (£21.4m) "humanitarian" aid package for the rebels, Mr Reagan said he was determined to pursue political, not military, solutions in Central America.

"We do not seek the military overthrow of the Sandinista Government or to put in its place a Government based on supporters of the old Somoza regime," Mr Reagan said.

Mr McCurdy, who earlier voted against aid to the contras, said the letter represented a "shift in emphasis" in the Administration's policy, and that the Democrats should "stand up and declare a victory." In a serious rebuff to Mr Reagan in April, the House refused to approve any aid plan for the contras.

Mr Reagan, who in February called for the removal of the Sandinista Government "in the sense of its present structure", also said he intended to discuss with other Central American countries how and when the U.S. might resume direct talks with the Nicaraguan Government. He placed a higher priority, however, on talks between the Government and the rebels, which the Sandinistas have consistently refused.

The $27m in aid for the rebels, intended for "non-lethal" equipment such as clothing and medicines, would be released in three instalments, ending next March, with a Congressional review at each step. If it is adopted, a final package would have to be agreed in conference negotiations with the Senate, which last week approved $38m over 16 months.

The two houses remain sharply divided over whether the aid should be distributed by the Central Intelligence Agency, as the Senate wants, or whether the agency should be excluded from the operation, as the House version demands.

The House was also due to vote on two Democrat-sponsored amendments, which the Administration fears would gut the aid plan. One would prohibit U.S. funds for intelligence agencies being used directly or indirectly to support military or paramilitary operations inside Nicaragua. The other would delay aid to the contras for six months, after which another vote would have to be held in Congress.

THE PRINCIPAL base of the anti-Sandinista guerrilla organisation ARDE has fallen to Government forces in southern Nicaragua, Tim Coone reports from Managua. The base at La Penca, located on the San Juan River which separates Nicaragua and Costa Rica, has been the main logistic and command centre of ARDE for over two years and its capture on Tuesday by Government forces is widely seen as being a major defeat for the guerrilla organisation.

The base was equipped with an airstrip which had been constructed with bulldozers brought over from Costa Rica, and from where light aircraft and helicopters supplied guerrilla units operating deeper inside the country.

Nicaraguan armed forces have been mounting a sustained offensive along the San Juan river for over two weeks involving several infantry battalions specialised in jungle guerrilla warfare and supported by artillery and aircraft. According to the Ministry of Defence, the offensive is continuing with the objective of re-establishing government control along the whole length of the 200 km border and re-establishing civilian boat traffic which has been suspended for over two years because of the war.

The river was an important communication route linking the Pacific and Atlantic coasts of the country and the only supply route for many isolated communities on the country's Atlantic coast.

UAL strike settlement in sight

By Paul Taylor in New York

UNITED AIRLINES (UAL), the largest U.S. carrier yesterday reached a tentative settlement with the Airline Pilots Association (Alpa) over the bitter pay structure strike which has crippled UAL for nearly four weeks.

The tentative agreement was due to be put before Alpa's 30-member executive council for ratification later yesterday. The agreement was announced in Washington by the National Mediation Board after an all-night bargaining session aimed at resolving the one remaining outstanding issue—the highly emotive question of back-to-work terms.

The key back-to-work issue was UAL's refusal to take away higher paying jobs it had promised to non-striking pilots who crossed the Alpa picket lines. Yesterday no immediate details of the tentative agreement were available although UAL said it included "a resolution of all the back-to-work issues."

About 95 per cent of UAL's 5,200 pilots walked out on strike on May 17 in a dispute which hinged upon UAL's determination to introduce a new wages structure based upon paying new pilots less than veterans. The dispute was seen as a key test of "two-tier" wage structures which have recently spread throughout the U.S. airline industry.

Robert Graham recently in Guatemala, writes on the coming elections

Guatemalans flirt with democracy

BEAUTIFUL countries have a habit of being blighted by ugly regimes. Guatemala exemplifies this. It has majestic scenery of tall tropical trees, mysterious volcanic lakes and mighty volcanoes swathed in whisps of cloud. Yet it possesses a military regime that has the worst human rights record in the region. Since a reformist government was toppled in 1954 up to 100,000 persons have died; the majority of them ethnic Indians caught in the middle of a vicious counter-insurgency campaign.

Guatemalans have become as unfamiliar with democracy as with their national bird, the Quetzal, long banished to the remote jungle by hunters seeking its lustrous green tail feathers.

But the military, now laden with the spoils of office and discredited by brutality, are giving ground to civilians. After permitting elections to a constituent assembly last July, presidential elections are to be held in November. The campaign is already under way with four main candidates, whose platforms range from the extreme right to moderate centre left.

None are so rash as to promise democracy, knowing that the exercise is a test of the military's tolerance rather than the electorate's wishes.

Nevertheless the holding of the elections is an implicit admission by the military that Guatemala's image needs refurbishing and that the country's economic recession needs proper technocratic management.

"The elections should ensure a resumption of American military aid and raise the general amount of U.S. economic support," commented one Latin American diplomat. Since 1979, U.S. military assistance has been halted pending an improvement in Guatemala's human rights record.

The Reagan Administration is clearly anxious to bring Guatemala in from the cold since it is the most populous and resource-rich country in Central America. (Its 8m population is double the size of its smaller neighbours). The prize for the Americans is to persuade Guatemala to openly oppose Nicaragua.

The right's most acceptable candidate is Sr Jorge Carpio, a newspaper proprietor who founded the National Centre Union (UCN) 18 months ago. Sr Carpio, exploiting his newspaper, *El Grafico*, and a well-oiled publicity machine, occupies centre stage in the campaign; but he has upset the military by his own independence and has yet to won the private sector away from the MLN. The powerful private sector is caught between fearing change and wanting to seize the chance to cut back the military's tentacular involvement in business.

The Christian Democrat candidate, Sr Vinicio Serezo, is the most popular. A good communicator and a clever politician, he also has a record of courageous opposition to the military, talents which in the past led to at least two attempts on his life. The dark horse is Sr Jorge Serrano of the National Democratic Co-operation Party (PDCN), an evangelical candidate who could tap the 30 per cent of Guatemalans belonging to protestant sects.

On the key issues of security and the economy, the candidates are offering few clear policies. This is because the security situation is an exclusively military domain and economic policies are now being handled by a national commission. The creation of the latter by the military leader, General Oscar Humberto Mejia Victores, was an astute move, shifting responsibility for economic decisions on to a group of experts and sector representatives.

The army claims to have broken the back of the guerrilla movement and obtained co-operation with Mexico on their cross border refuge but activity has increased this year. In the first three months, 170 Government troops were killed in 56 clashes.

Security is eating up 20 per cent of the budget during a sharp recession; and with $492m (£387.4m) to pay out in debt service this year (37 per cent of export earnings) the guerrilla war is straining the treasury. Guatemala's traditional exports of coffee, sugar and cotton have been hit by falling prices: the Central American market is absorbing much less and what it absorbs often is not paid for. Guatemala is owed $200m by Central American countries for unpaid goods.

Guatemala is stick with surplus capacity, high unemployment (up to 40 per cent in the capital), and a series of growth projections based on the assumption of more oil finds that have not materialised. Public spending has been cut to 3.8 per cent of GDP mainly at the expense of health and education. The Government urgently needs to squeeze more revenue.

In theory, this should not be difficult since Guatemala has very limited taxes, mainly levied on exports. Fiscal pressure is under half the Central American average. However, any change to higher income and corporation taxes has been fiercely resisted by business. Last month a set of new tax measures were withdrawn by the military after vigorous protests, and the Economy Minister was made a sacrificial lamb to their anger.

Meanwhile, the economic calculations for 1985 made by the central bank have gone to the winds by this action, and the national economic commission is trying rather impotently to concoct a watered down fiscal package that risks pleasing no one.

U.S. may have to put up taxes

BY NANCY DUNNE IN WASHINGTON

A U.S. HOUSE and Senate conference committee, straining this week to produce a compromise budget, once again confronted the possibility that only a tax increase would reduce the massive budget deficit to an acceptable level.

Facing new predictions by the Office of Management and Budget of ever higher deficits, Mr William H. Gray, the House budget committee chairman, said a tax increase could come after the conference committee had agreed on at least $50bn (£40bn) in spending cuts for fiscal 1986.

Mr Tip O'Neill, the House speaker, insisted that any tax increase would have to carry with it President Reagan's approval because Democrats are tired of being labelled "big taxers." Mr Robert Dole, the Senate majority leader, hinted that a small tax increase might be acceptable within the new tax reform measure.

In hearings elsewhere on Capitol Hill, the Administration's new tax plan came under fire by economists who say it will actually lose revenues. Mr James Baker, Treasury Secretary, said the plan could gain—or lose—as much as $47bn over five years.

Senate Republicans, also worried about labels, expressed concern that the plan would hurt the middle class and give the Democrats the ammunition to accuse them of being "the party of the rich."

Meanwhile, the National Association of Manufacturers yesterday issued a pessimistic projection of the economy

Growth rates are expected to remain sluggish, particularly during the first half of the year, the Association said. Although the economy may improve in the Autumn, it could eventually slip back into recession by 1987.

Protests grow against Canadian pension plan

BY BERNARD SIMON IN TORONTO

A WAVE of protest against Canadian Government plans for the partial de-indexation of old age pensions has turned into a key test of Ottawa's economic policies.

Several prominent business groups this week joined opposition parties and senior citizens lobbies to urge the Government to reverse a proposal in last month's budget for indexation of old age pensions to be limited to increases in the inflation rate above 3 per cent.

The de-indexation plan, which also extends to other social security payments, was an important element in the budget's aim of containing Canada's growing government deficit. Partial de-indexation is expected to save about C$2bn (£1.2bn) a year by 1990.

Opponents of pension de-indexation argue that it flies in the face of promises by the Government last year not to reduce benefits to the elderly. Mr Thomas D'Aquino, president of the business council on national issues, a group of 150 chief executives of Canada's largest companies, said that the battle of the deficit should not be fought on the backs of the poor

U.S. assures Gandhi on arms

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday assured Mr Rajiv Gandhi, the Indian Prime Minister, that U.S. arms sales to Pakistan were not directed against India and were intended to remove the need for Pakistan to acquire nuclear weapons.

In White House talks described by U.S. officials as "extermely warm and friendly," Mr Reagan stressed that the arms sales were designed to help Pakistan with security problems on its Western frontier created by the Soviet invasion of Afghanistan. The supply of conventional weapons should reduce the incentive for Pakistan to "go nuclear," U.S. officials said.

At the first meeting of any length between the two leaders, both outlined their main concerns in an uncontentious manner, U.S. officials said. While Mr Gandhi has repeatedly expressed anxiety over U.S. military support for Pakistan, and the risk of Pakistan developing nuclear weapons, the principal U.S. concern has been the closeness of India's relationship with Mocsow.

Mr Reagan nevertheless expressed respect for India's non-alignment, while Mr Gandhi said that he hoped his visit to Washington would strengthen the tradition of the U.S. and India "working together."

The American side at the talks explained that U.S. policy was to seek global safeguards against the spread of nuclear weapons, which would include India as well as Pakistan. Washington could give no specific assurance that it would stop Pakistan developing such weapons, U.S. officials said.

They recalled, however, that U.S. authorities had recently acted to stop the illegal export to Pakistan of 50 krytrons, which can be used to trigger nuclear explosions.

WORLD TRADE NEWS

U.S. to pursue unfair trade case

By Nancy Dunne in Washington

THE U.S. Semiconductor Industry Association (SIA) has voted to continue to prepare an unfair trade case in an effort to bolster U.S. efforts to pry open the Japanese market in talks scheduled to begin next week.

Industry representatives are consulting top Administration officials about charging Japanese companies with "predatory pricing practices." However, because many members of the industry import as well as manufacture semiconductors the SIA says it is against retaliatory curbs in the U.S. market.

Early this month, Mr. Lionel Olmer, then the outgoing under-secretary of commerce, complained that Japanese manufacturers were dumping Eproms (eraseable programmable read only memory chips) in the U.S. He had with him in Tokyo a memorandum from Hitachi, in which distributors in the U.S. were urged to undercut the chip prices of competitors.

There has been discussion within the Commerce Department of "self initiating" an unfair trade case against Japan—an unprecedented but legal procedure. The industry, which is apparently reluctant to charge dumping, prefers to focus on gaining market access in Japan.

The industry claims that despite all supposed liberalisation measures taken by Japan, the U.S. market share of the Japanese market has hovered around 10 per cent for years.

In an analysis prepared for the Congressional Joint Economic Committee, SIA argues that Japan deliberately created a market structure in which its principal consuming companies are the same major electronics companies that also are the largest semiconductor producers.

The Japanese share of the $11.6bn (£8.8bn) semiconductor market was 14 per cent last year, according to the SIA. The U.S. share was 83 per cent and Europe's 3 per cent.

The association predicts that the Japanese semiconductor market will grow from $8bn last year to $13.65bn in 1987.

ECGD management changes urged

BY CHRISTIAN TYLER, TRADE EDITOR

A NEW management structure for the Export Credits Guarantee Department (ECGD) is proposed by an internal review of the department published yesterday.

The report says that the present senior management system "does not work effectively" and that "there appears to be a vacuum at the top."

It proposes that the secretary, official head of the government department, should be redesignated chief executive. Instead of an advisory council of industrialists and bankers there should be a board of four or five outside part-time directors, one of whom would be chairman.

The board would submit a business plan annually for approval by ministers, but day-to-day control would be the chief executive's responsibility.

The review team, led by Mr Fred Chapman, principal finance officer of the ECGD, and including management consultants Coopers Lybrand Associates, also proposes major changes lower down the hierarchy.

It suggests the business should be divided among five new groups. Medium and long term export credit insurance would be handled by a project group, while short-term (under 2-years' credit) would be managed by a "Cardiff group." ECGD's volume business is handled in Cardiff, but there are two offices for senior officials in the City of London.

The two groups would deal with all underwriting, claims and recoveries "in order to bring together the market knowledge." An international group would handle the ECGD's negotiations with foreign debtors and relations with other countries' agencies.

Internal organisation would be the responsibility of a resources management group and a management services group, handling, among other things, department's computer systems.

An immediate review of the computerisation programme is called for.

The team rejects the common view that civil service rules hinder the ECGD. "Nor have we found that ECGD has suffered exceptional losses of staff to the private sector," it says.

But it argues that officials' progression up the civil service pay ladder should be linked to performance, and that principals and higher executive officers should be able to earn more than the maximum in their salary band.

The review was ordered last November by Mr Paul Channon, Britain's Trade Minister, after the Government had rejected the central recommendation of its own committee of inquiry that the ECGD should be turned into a public corporation.

Mr Channon said yesterday he would be announcing the Government's response to thereport "in due course."

THE BRITISH Government is giving "urgent and sympathetic" consideration to demands that the UK provide China with cheap credits, Mr Paul Channon, UK Trade Minister, told MPs yesterady, writes Christian Tyler, Trade Editor.

An announcement was expected soon, the minister told the Commons Select Committee on Trade and Industry.

Mr Channon was pressed to declare the Government's hand, during questioning about British Government help for exporters in the fast-moving and competitive Chinese market.

Britain has a modest technical co-operation programme with China, funded by the Overseas Development Administration for consultancy work

But there is no capital aid programme, nor are British bidders for capital projects in the country able to call on the ODA's aid and trade budget.

Britain announces ECGD to extend credit cover for Mexico

BY ROBERT GRAHAM

THE BRITISH Government yesterday announced that the Export Credits Guarantee Department (ECGD) has been authorised to extend its cover to both the Mexican private and public sector.

At the same time the Mexican Finance Minister, Sr Jesus Silva Herzog, signed an agreement in London providing up to £90m in finance for the purchase of Mexican products.

ECGD has not given a figure but it is understood to amount to an extra $10m of cover for medium and long-term credit on top of the existing $600m.

Announcing the extra cover the Trade Minister, Mr Paul Channon, said he hoped this would provide a "significant boost" to British trade with Mexico which last year amounted to $200m after a peak of $450m in 1980.

ECGD has been further authorised to extend its cover not just to guarantees provided by the Mexican Central Bank for private sector deals but also to the Mexican commercial banks.

On the Mexican side it is the first time that sterling credits have been made available to purchase Mexican goods. Previously these were only in dollars. The arrangement is between the Banco Nacionale de Commercia Exterior, Mexico's foreign trade bank and six UK based institutions — Barclays, Intermex, Lloyds, Midland, NatWest and Standard Chartered.

This boost to Anglo-Mexican trade has been timed to coincide with the state visit of Mexico's President, Sr Miguel de la Madrid, who arrived in London on Tuesday.

Also connected with the visit was the announcement by Samuel Montagu of a $5m export finance facility for British goods being sold to Mexico.

Yesterday Sr de la Madrid had an hour's working session with Mrs Margaret Thatcher, the UK Prime Minister, before lunching at No 10 Downing Street.

The Mexican President briefed Mrs Thatcher on economic measures being taken to cope with Mexico's $96bn foreign debt. The two leaders also discussed oil prices, an important point of mutual interest given that Britain and Mexico are both outside the Organisation of Petroleum Exporting Countries and are affected by the slack international crude market.

● Grindlay Brandts Export Finance has signed a loan agreement with Banco Nacional de Commercio Exterior of Mexico for £35m ($44m).

The loan, which is being funded by Grindlays Bank and guaranteed by the UK Export Credits Guarantee Department, will help to finance the sale of British manufactured capital goods

The agreement was signed in London by Sr Jesús Silva Herzog, the Mexican Minister of Finance and Public Credit, and by Mr Alexander Ritchie, chairman of Grindlays Bank.

"Mexico's recent economic progress has won the admiration of the international banking community and Grindlays is delighted to continue its long association with Mexico and support for British exports by this significant new facility" Mr Richie said.

Grindlays Bank is part of the Australia and New Zealand Banking Group.

Hong Kong raises HK$500m for nuclear plant

HONG KONG Nuclear Investment Company, a subsidiary of China Light and Power Company of Hong Kong, yesterday signed HK$500m (£51m) bills of exchange facility, AP-DJ reports from Hong Kong.

The company said it expected letters of intent to be signed by August with contractors for construction of the company's planned nuclear power plant in China.

The commercial paper will be issued by tender. No bill can exceed HK$200m, and the company has set a maximum interest rate for the one, two and three-month notes at an undisclosed rate above the Hong Kong interbank offered rate.

Money from the facility will go towards the company's equity investment of HK$800m in the Guandong, a joint venture between Hong Kong Nuclear Investment Company and China. The remaining HK$300m will come from China Light and Power.

The Guangdong venture was created to build a nuclear power plant at Daya Bay in Guangdong province, China. Energy from the plant will go to China and to Hong Kong.

Cementation to build Omani hospital

THE OMANI Government and Cementation of the UK yesterday signed a contract for building a teaching hospital for Oman's first university, Reuter reports from Muscat.

Company officials said the contract was worth $117m (£93.6m) made up of £58m and 15m rials ($43.4m).

Cementation won a £215m contract for the university in 1982 and must finish building it in time for the opening in autumn 1986.

The 500-bed hospital is due for completion in the summer of 1988 and will receive its first medical students two years later, Cementation officials said.

India signs U.S. counter-trade deal

India's minerals and metals trading corporation (MMTC) has finalised its first counter-trade deal for the export of naphtha in exchange for fertilisers from the U.S., writes K. K. Sharma in New Delhi.

The deal involves the export of 50,000 tonnes of naphtha worth R170m to U.S. fertiliser suppliers who are to ship 100,000 tonnes of diammonium phosphate and urea to India this year.

The government-owned corporation hopes to be able to negotiate similar contracts for the Indian Oil Corporation, the Government-owned refining company, this year.

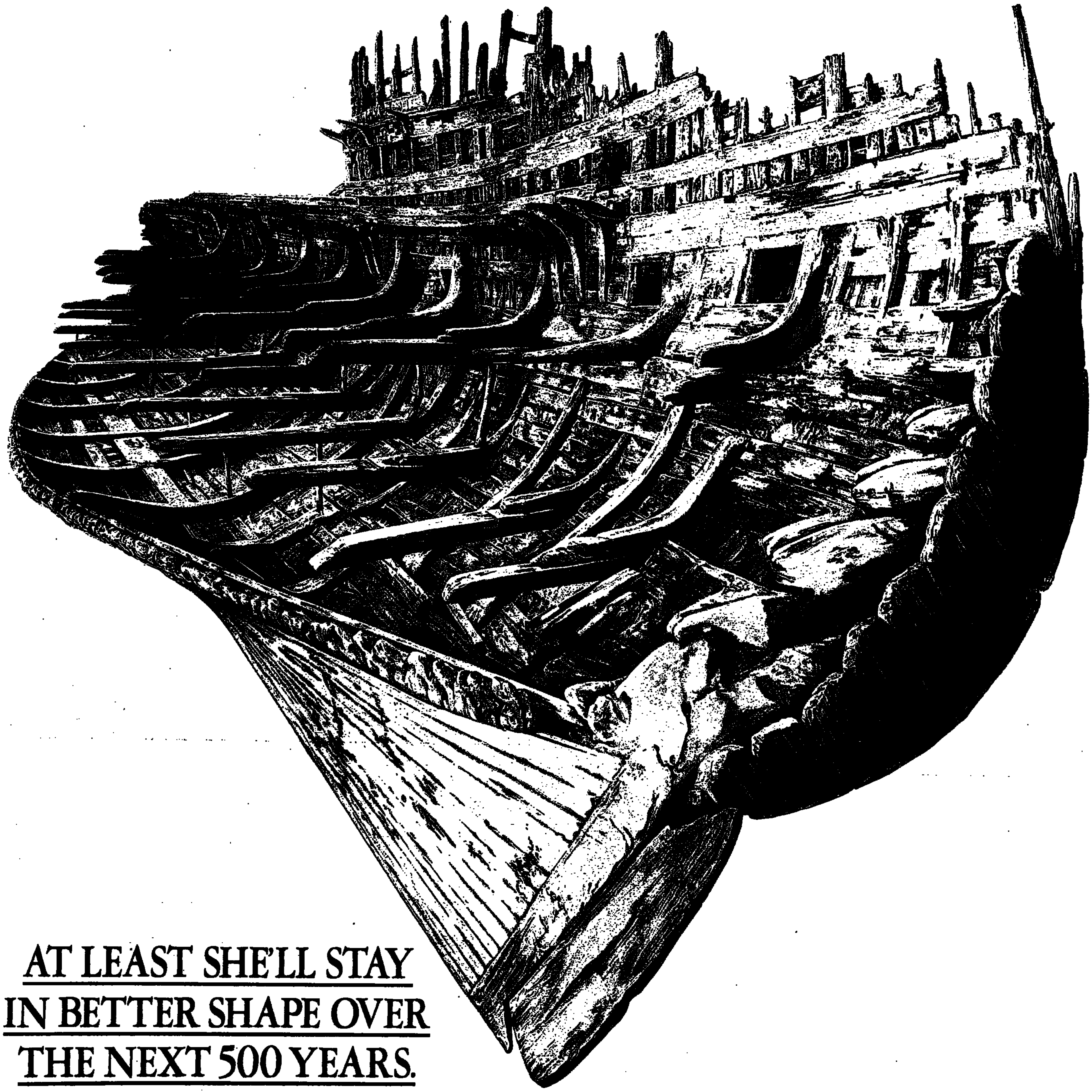
Computer group to expand Irish factory

AMDAHL, the world's largest manufacturer of IBM-compatible large-scale mainframe computers, is to spend £12m on expanding its Irish factory at Swords, north Dublin.

The expansion by the California-based group will be grant-aided by Ireland's Industrial Development Authority, and will more than double the factory's capacity to produce the Amdahl 580 series of large-scale computers.

The factory, which produces 40 per cent of Amdahl's output of mainframes, will increase employment from 350 to 550 by the time full production is reached in 1988. Building work starts immediately, and the extension is due to be completed by mid-1986.

Amdahl exports from Ireland to Europe, Canada, the Middle East and the Pacific Basin.



AT LEAST SHE'LL STAY IN BETTER SHAPE OVER THE NEXT 500 YEARS.

The Mary Rose and her 'treasures' are on display at Portsmouth Naval Base, 7 days a week.

Poor old Mary Rose has had quite a bit to contend with, these last five centuries.

When she went down, on a sparkling summer's morning in 1545, she was the jewel in the crown of Henry VIII's Navy.

But her 91 guns were no match for the ruthless onslaught of the murderous currents that flow beneath the Solent.

A deep scourpit was eroded on the port side of the hull.

The currents then relentlessly shrouded her in a thick layer of silt.

By the early eighteenth century a hard layer of shelly clay had sealed the once proud warship in her watery grave.

On October 11th 1982, a salvage operation on a scale never before attempted brought the forlorn remains of the Mary Rose to the surface.

Not only the hull, but a host of precious artefacts that tell of life in Tudor England were rescued from the muddy sea-bed. But in the process of drying them out they could easily be harmed or destroyed.

In order to preserve them, we gave the Mary Rose Trust a chemical solution called polyethylene glycol. Once these items (such as wooden bowls and leather shoes) have been soaked in this solution, they undergo a freeze-drying process that will carefully preserve them for posterity.

At the same time, the bulk of the hull is sprayed with water to stop it from drying out, and to prevent microbiological decay.

After two years of this treatment a lengthy round-the-clock spraying of an ethylene glycol will begin, before the hull is left to dry out.

The whole process to preserve the Mary Rose will take about twelve or fifteen years to complete.

But in the extraordinary life history of the Mary Rose that's just a drop in the ocean.

YOU CAN BE SURE OF SHELL

UNEMPLOYMENT

The lessons of New England's economic revival

By Brian Groom

MR JAMES HOWELL, chief economist at the Bank of Boston, called it "the most *spectacular event in the history* of Western capitalism" in an interview with a New Hampshire newspaper last December. Unduly euphoric, no doubt — particularly with the computer industry's current problems — but the high technology-based economic revival of New England has been remarkable.

In 1975, Massachusetts' 11.2 per cent unemployment was well above the U.S.'s 8.5 per cent. *By last year it was down* to 4.8 per cent, compared with the national average of 7.5 per cent. Officials from other American cities, Europe and even Japan are flocking to the region, seeking advice.

They come to Boston and to cities like Lowell, once a down-and-out textile centre, which has cut unemployment from nearly 13 to less than 4 per cent in 10 years, and now claims it can turn its nose up at *investors it does* not want. "For too long Lowell was associated with sweat shops. We are selective," says Mr James Campbell, assistant city manager.

The miracle which the visitors see needs qualifying. The cut in unemployment *has been made easier by New England's slow* population growth. Its 4 per cent increase in the 1970s was the same as that of the still depressed Mid-West, but below the South's 20 per cent and the *West's 24 per cent*.

And now there is real anxiety about the recent slump in high-tech industry which has *brought lay-offs, falling shares* and tumbling profits — for instance, the 66 per cent third quarter fall at Lowell-based Wang Laboratories.

New Englanders are asking whether this is a cyclical rebound from last year's capital spending boom, exacerbated by the high dollar, or a structural mid-life crisis in which some computer-based companies are weeded out and others shift *production overseas.*

The growth of high-tech industry around the famous Route 128 near Boston began in the 1960s. New England's traditional textile, clothing and leather industries had fled south in search of cheaper labour after World War II.

But *in the early 1970s* the future seemed gloomy amid cuts in the space and defence budgets, the Arab oil embargo and the recession of 1974-75. There were fears that investment would seep away to California's Silicon Valley and to states such as North Carolina which offered lower taxes.

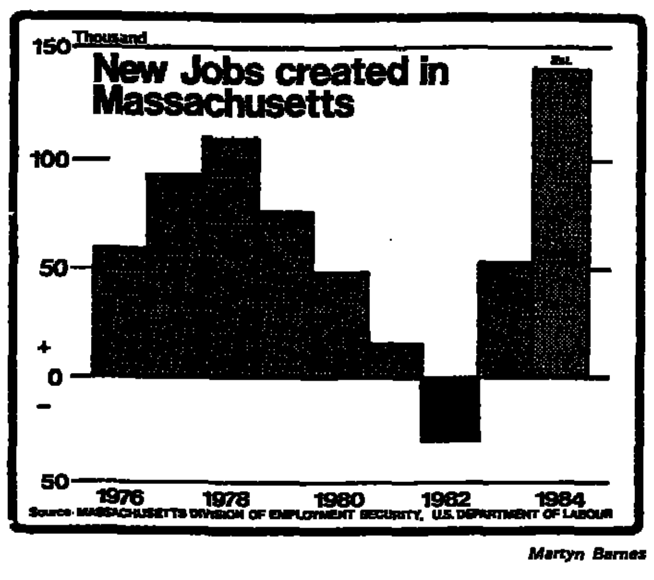
Then came the turnround. After losing 252,000 manufacturing jobs in the seven years to 1974. New England regained 222,000 in the next five. Ser*vice jobs* have increased, but the focus of revival has been high-tech companies, computers, defence, medical, space, communications, instruments — whose payrolls have grown by 65 per cent to 280,000 workers since 1976.

High-tech accounts for 10 per cent of employment in Massachusetts (24 per cent in Lowell) compared with 4 per cent nationally, and supports many service jobs.

How did the revival come about? Supply side economists point to a more pro-business climate, notably tax cuts which have reduced the proportion of each $1,000 of income that wage-earners pay in state and local taxes by 22 per cent since 1977. In the state they once called "Taxachusetts" personal taxes are 5 per cent below the national average and business taxes are on a par with other industrial areas.

The real picture is more complex. Tax cuts may have supported the revival, says Mrs Lynn Browne, vice-president of the Federal Reserve Bank of Boston, "but I do not think they caused it. It was already under way."

Even with lower public spending, a creative industrial policy has channelled incentives to the private sector. The quasi-public Massachusetts Industrial Finance Agency has promoted federal industrial development bonds (giving tax exemption to investors) to re-equip old industries and renovate city centre commercial property. Now President Reagan's tax simplification proposals threaten to kill these off.



Martyn Barnes

Defence and space contracts are a factor. These picked up in the late 1970s, particularly after 1978-80, and now Massachusetts is well placed to win Star Wars business. The Lexington-based Data Resources Inc *estimated that 16 per cent of* the state's growth from 1981 to 1988 will be a result of Pentagon spending.

The crucial factor in New England's revival, however, was that with such companies as Wang, Digital Equipment and Data General, it was well equipped to benefit from the *growth in the markets for computers* and office equipment

The climate for innovation resulted from a remarkable education and research environment—there are 260 colleges in New England, including Harvard and the Massachusetts Institute of Technology—combined with an enterprising banking and venture capital community.

Massachusetts trails only New York and California in venture capital, and in 1983 the state's financiers controlled 13 per cent of U.S. venture funds, *or* more than $1.5bn. It benefited from the national cuts in capital gains tax which boosted the industry in 1978 and 1981.

In the current high-tech climate there are fears of over-dependence, particularly in the Lowell area, where the office, *accounting* and *computing* machines industry accounts for 40 per cent of manufacturing employment.

But even if the maturing mini-computer market is overcrowded, most economists still see Massachusetts as a resilient incubator for research and bio*technology, artificial* intelligence and robotics.

Mr Patrick Jenkin, Britain's Environment Secretary, along with Merseyside County Council and the Merseyside Task Force, *may commission* a study of Lowell as a model for redeveloping Liverpool.

But Liverpool would be hard pressed to reproduce two of the vital factors in Lowell's revival: its fortunate position as a low-cost labour pool on the edge of the high technology belt looking to expand, and the decision by Wang to locate its headquarters there, providing 15,000 jobs.

These make it difficult for other cities, such as Detroit and Pittsburgh, to copy Lowell's example.

More generally, there is a limit to the number of regions which high technology can revive, even if the present slump proves temporary. New England's combination of research, venture capital and defence spending is hard to reproduce, though lessons can be learnt.

Most European countries are aware of the need for better links between universities and business. In Britain, the explosion of venture capital, the creation of the Unlisted Securities Market, and the proposed alleviation of Government red tape should help the climate *for* innovation.

The real problem is the failure of small ventures like the hundreds which have sprouted around Cambridge University to grow into giant Apples, Wangs and Hewlett Packards. And that may be a failure of managerial vision, rather than public policy.

Meanwhile New England is worried about labour shortages, particularly in the Boston area. The baby boom generation is a thing of the past, and by 1995 there will be 20 per cent fewer people in the job entry age group in the U.S. Business leaders, worried at not having enough workers with basic skills in language, mathematics, computer technology and critical thinking, have set up an unusual venture known as the Boston Compact.

Under this, private employers have agreed to provide *job opportunities* for school leavers—704 last year, eventually rising to 1,000—in return for setting measurable goals for improving the traditionally poor standards of the city's schools.

Mr Bill Spring, president of the Boston Private Industry Council and architect of the Compact, describes it as an attempt to adapt the West German and Austrian systems of school-to-work transition. There are still some things the U.S. can learn from Europe.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—*Indices of industrial* production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1984							
1st qtr.	104.0	99.0	103	107.7	122.7	2,998	147.0
2nd qtr.	102.0	99.9	107	110.2	130.1	3,026	154.0
3rd qtr.	102.4	101.4	107	111.1	133.3	3,076	165.1
4th qtr.	103.3	101.0	105	113.6	164.0	3,103	166.5
October	102.9	100.3	107	112.0	139.9	3,100	170.5
November	103.2	101.0	104	112.7	149.6	3,102	167.6
December	103.7	101.6	104	115.6	194.9	3,108	161.3
1985							
1st qtr.	105.5	101.8		112.6	133.9	3,138	157.5
January	104.6	100.3	101	111.6	134.4	3,124	157.2
February	105.0	101.8	107	112.0	130.2	3,144	156.1
March	107.0	103.2		113.8	136.5	3,147	159.2
April				114.1	140.3	3,176	166.7
May				115.2		3,180	167.1

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
1st qtr.	100.1	93.9	110.5	96.2	113.5	95.9	16.2
2nd qtr.	101.4	95.7	105.3	97.9	106.0	97.2	18.0
3rd qtr.	101.9	98.2	104.6	100.9	109.2	97.8	16.2
4th qtr.	102.0	97.5	106.5	99.4	107.0	99.2	13.3
October	102.0	97.0	106.0	99.0	106.0	99.0	16.5
November	102.0	97.0	107.0	99.0	108.0	99.0	13.9
December	102.0	99.0	107.0	100.0	107.0	100.0	9.5
1985							
1st qtr.	103.4	97.9	110.1	99.7	108.8	99.8	13.8
January	103.0	96.0	110.0	98.0	102.0	98.0	11.7
February	103.0	99.0	109.0	100.0	109.0	99.0	13.2
March	105.0	100.0	112.0	101.0	115.0	102.0	16.6
April							17.9

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
1st qtr.	108.7	112.1	− 57	+623	+2,322	97.3	16.75
2nd qtr.	107.3	117.1	−1,228	−592	+1,543	96.9	15.51
3rd qtr.	108.0	119.8	−1,643	−621	+1,804	96.7	15.26
4th qtr.	117.5	126.1	−1,327	+641	+1,468	96.1	15.52
November	118.0	120.8	−177	+303	+352	95.9	15.50
December	119.2	126.2	−344	+136	+743	96.0	15.69
1985							
1st qtr.	118.7	125.6	−1,347	− 86	+1,862	95.6	14.80
January	116.6	118.6	− 86	+332	+926	96.0	15.52
February	121.7	124.6	−263	+137	+675	95.1	15.35
March	117.8	133.7	−999	−555	+260	95.6	13.53
April	119.6	126.3	−277	+123	+684	96.8	14.03
May							13.98

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
1st qtr.	4.1	10.1	8.2	13.6	2,609	2,868	8.50
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,870	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,809	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,941	9.63
November	9.9	27.3	18.6	17.1	363	967	9.63
December	12.2	27.2	12.1	22.4	1,004	971	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
January	5.0	9.0	13.6	16.3	823	1,166	14.00
February	3.1	− 5.0	4.6	13.3	474	1,008	14.00
March	− 1.3	− 1.2	9.2	16.0	214	972	13.50
April	5.4	22.2	18.8	19.5	507	1,060	12.63
May							12.63

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
1st qtr.	153.6	133.6	129.0	343.9	321.7	308.67	81.7
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
October	164.2	137.9	133.9	357.7	326.2	292.40	75.6
November	162.8	139.2	134.3	358.8	326.6	289.89	75.7
December	165.3	143.4	134.9	358.5	327.6	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	363.9	332.8	295.22	72.0
January	163.4	145.3	135.9	359.8	330.6	296.98	71.5
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.2	145.5	137.5	366.1	335.4	295.22	73.3
April		140.8	139.2	373.9	338.8	295.08	78.0
May		139.3	139.5			279.98	78.7

* Not seasonally adjusted.

GKN wins £500m army vehicles order

BY PETER RIDDELL, POLITICAL EDITOR

GKN YESTERDAY received a £500m order from the Ministry of Defence (MoD) for over 1,000 mechanised combat vehicles to be built at Telford in Staffordshire.

Mr Michael Heseltine, the Defence Secretary, announced at the opening of a two-day House of Commons defence debate that the total cost of this combat vehicles programme of some £725m, including related support equipment, showed a saving of over £100m against internal estimates.

He said the difference was "a direct result of our policy of increasing competition."

The order to GKN – Guest, Keen, Nettlefold and Sankey – follows the submission of tenders from a number of British companies last February. The vehicles will serve as armoured personnel carriers for the *infantry, serving in West Germany.*

During his speech, Mr Heseltine also announced an order for further Challenger tanks, to be placed with Royal Ordinance, and to be produced at its factory in Leeds. The total value of the order and associated support equipment will be about £30m. The aim is to equip a sixth Challenger regiment.

Mr Heseltine: cost benefit from competition

In his speech, Mr Heseltine referred to his programme to improve efficiency through increasing competition in procurement.

Mr Heseltine's main theme was that there was no need for another defence review and that the planned defence budget should take care of foreseeable needs.

After criticisms on Monday by the cross-party defence select committee about a likely reduction in overall capability, Mr Heseltine argued that even on the MPs' own arithmetic, any squeeze would be marginal in terms of the total defence budget.

However, an indication of tensions within the MoD over the placing of new orders was given when Mr Heseltine departed from his prepared speech, apparently to reprimand supporters of the Royal Marines who are pressing for an early decision on the ordering of replacements for the amphibious assault ships Fearless and Intrepid.

He warned: "If the idea should once get about in the Ministry of Defence that a particular part of each individual service was likely to get preferment over all the rest for their priorities by 'leaking' either to the press or to MPs in order to embarrass ministers, it would bring our legitimate planning process to a grinding stop.

Todd wins rerun TGWU ballot

MR RON TODD has been confirmed as general secretary of Britain's largest union, the Transport and General Workers (TGWU) in a repeat ballot called after allegations of voting irregularities in last year's election in which he was declared the winner.

The result of the fresh ballot among the union's 1.5m members will not be officially announced until Saturday. But it was clear after counts at the union's 11 constituent regions yesterday that Mr Todd will again be declared to have won.

Mr Todd's victory over Mr George Wright, who has centre and right-wing support, confirms the traditional left line of the TGWU's leadership.

In last year's cancelled election, Mr Wright won a majority in six of the regions and Mr Todd in five. But Mr Todd won by the narrow majority of 44,817 votes because his victories were in the regions with the larger memberships.

□ **MR GEORGE DORMAN** has resigned as managing director of the UK subsidiary of Zanussi, the Italian domestic appliance maker. He has also given up his post as joint managing director of the British arm of Electrolux.

Electrolux recently took a 49 per cent stake in Zanussi, making it the leading appliance company in Europe. The resignation has come at a crucial time for the Swedish company, which is still assimilating the Zanussi operation and at the same time preparing for a further thrust into West European markets.

□ **SEALINK,** the UK ferry operator owned by Bermuda-based Sea Containers, said it planned to order a second £1.8m high-speed catamaran for its service to the Isle of Wight.

Both vessels are to be built in Hobart on the Australian island of Tasmania by International Catamarans. The first one is due for delivery in February 1986.

□ **CALEDONIAN** Aviation Group, which includes British Caledonian Airways (BCal), is to sell its Blue Sky Travel chain of retail shops to Thomas Cook, the travel agency, from July 1. The price is understood to be several million pounds.

The Blue Sky Holidays tour organisation, also part of the Caledonian Aviation Group, is not affected by the deal, which covers only the 30 travel agencies run under the Blue Sky name.

□ **IBERIA,** the Spanish national airline, asked the High Court in London to order the UK Transport Secretary not to limit Iberia's London–Madrid flights to 11 a week.

Mr Denis Henry, QC, for Iberia, told Mr Justice Taylor that the threatened restriction was in retaliation for the Spanish Government's refusal to allow British Airways an early morning flight from Madrid.

The hearing continues today.

□ **MICRO FOCUS,** the troubled computer software group, has cut its workforce by 20 per cent to reduce costs. The company, which last month reported a sharp reduction in profits, has made 60 people redundant in the U.S. and UK.

□ ***TARMAC** and **ARC** (Amey Road*stone Corporation) have launched a joint venture company, Tarctile, with plans to capture 10 per cent of the £150m-a-year concrete roof tile market in the UK.

The two partners have invested £6m in an automated, computer-controlled factory at Shepshed in Leicestershire. That will come into production at the end of the month and will be able to produce 30m roof tiles a year.

□ **THE BOARD** of the Woolwich Building Society, Britain's fifth largest, announced that it had agreed in principle to take over the business of the North Kent Building Society, which has £56m in assets and seven branches.

□ **STC'S WOUND** capacity component subsidiary in Wrexham, North Wales, has been bought out by its local senior management, with equity support from merchant banks N. M. Rothschild and Close Investment Management, for about £900,000.

HOPE SEEN IN ECONOMIC POLICY SHIFT

Expansion 'could increase jobs'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A MORE expansionary economic policy could reduce unemployment to 2.2m by the end of the decade, Cambridge Econometrics, the private forecasting organisation, said yesterday.

Its analysis suggests that the cut in unemployment by about 750,000 could be accomplished with no penalty of extra inflation.

However, the national debt would be significantly higher at the end of the period both in money terms and as a percentage of national output.

The simulation shows that the extra jobs would cost an additional £31bn – around £6bn a year – in terms of the public-sector borrowing requirement (PSBR) up to 1990.

By the end of the period, the PSBR would be almost £20bn or 4 per cent of national output, compared with £12bn (2.5 per cent of output) in the base run, which estimates what would happen to the economy without such a package.

The main *measures* assumed by the forecasters were:

- An expansion for special employment by 500,000 places
- A sustained 20 per cent increase in government investment
- A 50 per cent cut in employers' national insurance contributions.

The largest reduction in unemployment would result from the expansion of the Government's special employment scheme. Increased public investment would produce 200,000 new jobs in the construction industry over the five-year period; a further 150,000 new jobs would be created in the service sector, with 100,000 extra jobs in manufacturing.

The simulations done by Mr William Peterson and Mr David Turner suggest that the cut in employers' national insurance contributions would offset the inflationary impact of the expansion of the Community programme and increased public investment.

But one important assumption behind the Cambridge analysis is that the exchange rate would not fall as a result of the measures, although the balance of payments current account would move into a small deficit of £1.8bn by the end of the period, compared with a surplus of £3bn on unchanged policies.

The researchers say that the number and type of jobs created as a result of lower real wage costs would depend crucially on the response of the exchange rate. If a fall in the exchange rate were linked with a cut in real labour costs, the expansion of employment would be much greater than if the exchange rate were allowed to appreciate.

LARGE WAVES POSE INCREASING DANGER

Phillips warns gas buyers over Ekofisk seabed subsidence

BY DOMINIC LAWSON AND FAY GJESTER IN OSLO

PHILLIPS Petroleum has warned *the European buyers of gas from its* Norwegian Ekofisk oil and gas field that supplies may be cut steeply during the coming winter, as a result of the rapid subsidence of the seabed beneath the central Ekofisk platform.

Last year it was discovered that the main Ekofisk platform, the first to be installed in the North Sea, has sunk by 2.5 metres since it was placed on the seabed in 1971.

Worse news came this week when the first satellite measurements of the rate of subsidence showed that the seabed beneath the platform is sinking at a rate of about 40cm a year. This means that the platform's facilities are in increasing danger from very large waves.

Phillips is now planning to step up the rate of gas reinjected into the field to maintain reservoir pressure and slow down the rate of collapse of the seabed.

This means that *Phillips* is unlikely to be able to meet the gas sales contracts to its European buyers, consisting of Ruhrgas of West *Germany, Distrigaz of Belgium,* Gaz de France, and Gasunie of the Netherlands.

This week Phillips sent out telexes to these companies declaring *force majeure.* Under the terms of the sales agreement, this can be invoked when "unforeseen incidents" occur. Phillips appears convinced that the subsidence problems at Ekofisk come under this category, thus avoiding the need to pay compensation to the buyers.

Ekofisk supplies about 5 per cent of West Europe's natural gas consumption, with output varying between a minimum of 960m cu ft a day and a maximum of 1.2bn cu ft a day.

European buyers are at present well stocked with gas supplies, so it would take a very large cutback in Ekofisk supplies seriously to embarrass its customers.

Phillips plans to spend about *$150m over the next two years relo*cating sensitive facilities from the platform's lower deck to higher levels. Later Phillips plans to abandon *the lower deck completely,* involving more expenditure at a time when the company plans to raise about $2bn to finance the recapitalisation involved in fighting off a bid from Mr T Boone Pickens, the U.S. corporate raider.

Phillips has a 37 per cent stake in the field. The other main partners are Petrofina of Belgium with 30 per cent, the French company Elf with 8 per cent and Norsk Hydro with 7 per cent. Norsk Hydro has proposed that the group should sink three supertankers around the platform in an effort to break up the waves.

Phillips reiterated yesterday that none of its plans would involve an interruption to the field's oil supplies, which are running at 250,000 b/d.

The Ekofisk group is negotiating with partners in the Statfjord oil and gas field, in an attempt to buy the extra gas needed for injection *into the Ekofisk reservoir. This is* most unlikely to make up the shortfall to European buyers.

Mr Willacy: new adviser

Whitehall costs to be reduced

By Sue Cameron

MR MICHAEL WILLACY, the first director of the Government's new Central Purchasing Unit, yesterday committed himself to lopping £400m off Whitehall's annual bill for goods and services by the autumn of 1987.

Mr Willacy, who is being seconded into Whitehall from Shell UK, promised that the 5 per cent cut in the Government's £8bn-a-year purchasing bill would be "only a start."

The setting up of the unit follows the publication of a report on government purchasing; written for the Prime Minister by Whitehall's own efficiency unit, it estimated that the Government could cut its annual bill for goods and services by between 5 and 20 per cent – representing £400m to £1.5bn a year – if it improved the efficiency of its buying.

Mr Willacy, who is general manager of Shell UK's materials services division, said he reckoned he should be able to cut Whitehall's bill for goods and services by £200m "fairly easily" within his first year.

He added that if he could not show results inside 12 months, he would expect the Government "to sack me."

Mr Willacy's unit will have a purely advisory role. He said he would have "not clout, but leverage."

He *emphasised that before he* took up his new post in September, each Whitehall department would be drawing up a list of ways in which it could improve its purchasing and so make savings.

Once Mr Willacy took over the new unit, he would be reporting regularly to both the Treasury and the *Management* and Personnel Office. He would also be reporting once a year to the Prime Minster. "That," he remarked, "is what I call leverage."

Mr Willacy stressed that it would be civil servants themselves who would have to make improvements in purchasing.

Guinness pays £10m for news retailers

By Christopher Parkes

GUINNESS, the brewing concern, yesterday further strengthened its retailing arm with the £10m purchase of 150 newsagents shops from Barker and Dobson, the old-established and long-troubled confectionery company.

The acquisition of the Lewis Meeson chain reinforces the brewer's position as Britain's top newsagent. It now controls almost 800 outlets, compared with the 500-odd run by NSS Newsagents, the 230 under the John Menzies banner and W. H. Smith's tally of about 350.

Mr John Fletcher, five weeks in the chair at Barker and Dobson, said yesterday that the sale was a "necessary commercial action" as the company's accounts – due in the next 10 days – would show. The deal was put together in only three weeks, he added.

Formerly managing director of Asda Stores, Mr Fletcher said that while he might attempt to take the company back into retailing at some time, his main objective now was to sort out the difficulties of the confectionery business.

Barker and Dobson's only remaining retail outlet is a high-class chocolate shop in London's Bond Street.

The Lewis Meeson shops in England and Wales lost about £2m last year on sales of £50m.

Guinness said yesterday that it planned to continue expanding all its retail activities, either by acquiring more chains or by piecemeal purchases.

Brewing and retailing have emerged as the two key UK activities of the once widely diversified Guinness business after a period of vigorous retrenchment inspired by Mr Ernest Saunders, the chief executive.

Development of the retail side began last spring when Guinness outbid W. H. Smith with a £47m offer for the 490 shops in the Martin the Newsagent chain.

Guinness added its existing 130 Lavells newsagents and now operates the combination, together with its chain of Drummonds chemists shops. Guinness said its interim figures, published on Tuesday, showed that profits at Martin were already 50 per cent up on the comparable figure for last year.

Gross margin on turnover is now approaching the 5 per cent regularly recorded by Lavells. Other big groups in the industry are understood to average between 3 and 4 per cent.

The group is also busy expanding its other retailing interests in the fashionable field of convenience stores.

Ramphal warns on outlook for IMF

BY HUGH O'SHAUGHNESSY

THE *International Monetary Fund* might become irrelevant to the needs of the great majority of its member countries unless its financial resources are strengthened and changes made to its methods of operations, Mr Sonny Ramphal, the Commonwealth Secretary General said in London yesterday.

Mr Ramphal was speaking at the start of a three-day seminar on the negotiation of economic adjustment programmes.

His comments were backed by Mr I. G. Patel, former Secretary to the Indian Finance Ministry and Governor of the Indian Reserve Bank. *He is now Director of the* London School of Economics.

Mr Ramphal warned of the continuing dangers inherent in Third World indebtedness. "Unless the other industrial countries are able to strengthen their recovery, as the U.S. economy slows down and as its Administration tries to tackle the budget problem, we might be in for another downturn, with catastrophic consequences for many devel*oping countries, including the mid*dle-income ones with high indebtedness," he said.

"The irony of the current situation is that the IMF seems to be largely a spectator in the unfolding world economic situation. Its leverage extends only to the weak economies which come to it for assistance; it has no sanctions that it can enforce on the policies of powerful economies, whether they be in surplus or deficit", he added.

Mr Ramphal said the present temporary easing of the debt crisis had prompted a mood of undue optimism by the major powers that effectively control the fund.

Part of the problem, he argued was with the deficit countries themselves. They should be adequately prepared and have their own particular mix of policies to propose.

Addressing an audience which included many Commonwealth central bankers and financial experts, Mr Patel said that the Fund had often been arrogant in its dealings with deficit countries.

Wimpey to join nuclear decommissioning group

BY DAVID FISHLOCK, SCIENCE EDITOR

GEORGE WIMPEY, the construction group, is joining two specialist groups in a new nuclear consortium to undertake the decommissioning of nuclear plant and radioactive waste disposal services.

The Nuclear Services Group (NSG) owned jointly by Wimpey, the Bird group and the Gilbert Commonwealth group, foresees a long-term commitment to what is predicted to be a large British market for those services within a decade.

Mr John Holmes, chairman of Wimpey Process Engineering and Offshore and a director of NSG, likens the market to offshore decommissioning, where the industry expects to spend sums similar to its original investment.

All three companies already have nuclear experience, notably Wimpey, which recently completed a remotely controlled process plant for the Atomic Weapons Research Establishment, Aldermaston, which automatically encapsulates plutonium-contaminated sludge in cement.

Under the contract, worth more than £800,000, the company developed a new process in which the cement sets within seconds.

The Bird Group, specialising in metal reclamation and recycling, recently dismantled and disposed of the concrete biological shield that surrounded a research reactor at Queen Mary College in London.

It was also called in by the Ministry of Defence to clear up after a fire in laboratories at an Ordnance factory last year, in which asbestos and chemicals as well as radio activity were released.

The Gilbert-Commonwealth group of Reading, Pennsylvania, is participating in plans to dismantle the U.S. Shippingport reactor, prototype of the pressurised water reactor (PWR). It has also conducted a study of PWR decommissioning in Japan.

Mr Tony Bird, managing director of the Bird group and chairman of NSG, says much of Britain's nuclear plant is now 20 to 30 years old and "technically obsolescent."

In the next decade, large portions of Britain's first two big nuclear laboratories, Harwell and Aldermaston, are expected to be dismantled, among them plutonium facilities and experimental nuclear reactors.

The UK Atomic Energy Authority has begun a 10-year project to dismantle its 33 MW Windscale experimental advanced gas-cooled reactor and is letting contracts to companies to help to build experience in decommissioning. The Bird group has already decommissioned the reactor's powerplant.

It also plans to operate a "fire brigade" ready to be called into any emergency involving radioactivity.

- The Royal Navy has disclosed plans to mount an experimental programme to demonstrate the safety of its new pressurised water reactor, using an obsolescent PWR it shut down in Scotland last year.

U.S. interest in MoD rail guns

BY PETER MARSH

THE U.S. is interested in applying to its star wars programme the novel weapons technology under development at a leading Ministry of Defence (MoD) research establishment.

The Royal Armament Research and Development Establishment at Fort Halstead, Kent, is investigating applications of rail guns in conventional military vehicles such as tanks and ships.

Rail guns are weapons in which small projectiles are accelerated to high speeds by electromagnetic forces using large pulses of electricity of as much as 1m amps.

The 1,200-strong Fort Halstead establishment is working on the weapons in conjunction with a team at International Research and Development, a contract research company in Newcastle upon Tyne, which is a subsidiary of NEI, the engineering group.

Development of rail guns is an essential part of the U.S. Strategic Defence Initiative (SDI); known popularly as star wars, in which the Pentagon aims to spend $26bn by 1990 on devising the basis for a defensive system against Soviet nuclear missiles.

In one plan under discussion, a fleet of about 100 rail guns would be stationed in orbit about 2,000 km from the earth. Under computer control, they would shoot projectiles weighing about 2kg at missiles as they ascend from their launch pads in the Soviet Union.

The projectiles would have to travel at 20-30 km a second, or roughly 75 times the speed of sound, to destroy the missiles before they split up into separate warheads a few minutes after launch. After that point, the destruction task becomes much more difficult.

Rail guns are required because conventional rocket-powered anti-missile projectiles can travel at no more than about 8km a second.

Another alternative is to use laser beams, which travel at the speed of light – 300,000km a second. But lasers may be far more difficult to power and aim accurately.

Lt General James Abrahamson, director of the SDI Organisation, spent two hours last week talking to Mr Michael Heseltine, the Defence Secretary, and MoD officials on how UK companies and research groups could participate in the project.

The Ministry of Defence said it could not confirm or deny whether Britain's rail gun work had been mentioned in the discussions.

Work on rail guns in the U.S. is far in advance of that in Britain. Leading groups developing the technology are based at Westinghouse in Pittsburgh, LTV (a company in Dallas) and the University of Texas in Austin.

Decrease in idle merchant ships

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE *AMOUNT* of world merchant shipping tonnage idle for lack of business fell further in April and now represents about 9 per cent of the total fleet, the General Council of British Shipping (GCBS) said yesterday.

Tankers, a mostly depressed sector since the oil price rises of the *1970s, predominated in the lay-up* total of 1,279 ships of 62.9m deadweight tonnes, which was 1.22m dwt less than at the end of March.

The total of idle shipping, which reached a peak of just over 100m dwt (15 per cent of the world fleet) two years ago, included 317 tankers of 50.8 dwt (17 per cent of world tanker tonnage) and 962 dry cargo vessels *of 12.2m* dwt (3 per cent).

In the UK, where the sharp decline of the merchant fleet was highlighted this week in a report of the House of Commons Defence Committee, the laid-up total showed its sixth successive monthly decline.

There were 40 ships of 2.35m dwt *idle* at the end of *April,* representing 10 per cent of the fleet, the GCBS said. It emphasised that 95 per cent of that was accounted for by tankers. At the end of the previous month, the UK laid-up figure was 2.65m dwt.

The GCBS said there was no letup in the tanker recession. While the dry cargo position was slowly improving, rates remained very depressed. Its tramp trip charter index for May, measuring single voyage rates, stood at only 102, barely above the 1976 base level of 100.

In the past nine years, that index has been as high as 275 in April 1980, but never moved above 115 last year and has slipped from 108 at the start of 1985. It was at exactly 100 this March and April.

The GCBS figures showed that most large fleets still had a sizeable volume of tonnage idle in April, notably Liberia, with a level of 15 per cent (including 22 per cent of its tanker tonnage), Greece, with 15 per cent (22 per cent) and Norway with 21 per cent (33 per cent).

JMB return to private sector urged

By William Dullforce in Lugano

JOHNSON MATTHEY Bankers (JMB), the bullion dealing bank that had to be rescued in an operation organised by the Bank of England last autumn, should be returned to private ownership as quickly as possible, according to Mr Robert Guy, chairman of the London Gold Fixing Ring and a director of N.M. Rothschild.

Ideally, the loan portfolio should be hived off into a realisation company and the trading operation should be sold as a separate activity, Mr Guy said.

JMB had no long history of commercial banking, but it had traded in the gold market for more than 150 years. Mr Guy felt sure that its expertise would attract many potential buyers.

He added that if the present situation continued, it could not be good *for the market.*

Mr Guy, who was speaking at the Financial Times World Gold Conference in Lugano, defended the decision to rescue JMB. He said failure of the bank would have done great damage not only to the London gold market but also to London as a financial centre.

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BT takes 25% stake in home computer system

BY JASON CRISP

BRITISH TELECOM and a subsidiary of Bell Canada Enterprises have bought nearly half the shares in Telemap, which runs Micronet 800, a database for home computers owned by East Midland Allied Press.

Micronet, which is based on the Prestel viewdata service and has 15,500 subscribers, is claimed to be the largest residential database in the world. The service, which has made losses of over £1m since it was set up two years ago, is expected to break even this year.

As a result of the deal BT will hold a 25 per cent stake in Micronet in exchange for forgoing a substantial royalty on each subscriber. Tele-Direct (Canada), the publishing arm of Bell Canada Enterprises, has bought a 20 per cent share. EMAP retains 55 per cent.

EMAP hopes that the combined publishing, technical and financial strengths of the three shareholders will enable Micronet to become one of the world's leading residential electronic publishers. It hopes to launch a similar service to Micronet in the U.S.

Attempts to establish residential databases in the U.S. and elsewhere have proved to be very expensive and have only attracted small numbers of subscribers. British Telecom's own Prestel service developed for the residential market has until recently been almost exclusively used by business.

- Mercury, the telecommunications services company owned by Cable & Wireless, is to provide high-speed digital circuits to Hong Kong, undercutting British Telecom by about 25 per cent.

John Griffiths reports on a new database for the world motor industry

Drive to clear up component confusion

A NEW database, gathering together a wealth of information covering world production and markets of all types of vehicles except motorcycles and listing their technical specifications, is being launched by a London, research-based consultancy.

Planning Research Systems, best known for its annual Diesel Engine Digest, the industry's standard reference work on diesel engine production and applications, has a second data "core" covering diesel engines and their components.

Based on those, further "customised" databases are being created which break down the components of vehicles and who supplies them in a detail that is unprecedented, says Mr John Martin, PRS managing director.

The main target of the facilities is component suppliers who, PRS says, tend to be less well informed than vehicle manufacturers. Such is the degree of detail being developed that, for the purposes of strategic product and marketing planning, it should be possible for a component maker to identify precisely whose components are being used on any manufacturer's models anywhere in the world; trends in their use; and the shares of rivals or potential rivals in each of the world's 35 principal markets.

As an example, PRS is currently tracking the types, end-usage and distribution of the various electric motors used within vehicles, ranging from starter motors to window winders.

The type of data involved, says Mr Martin, would allow component makers to identify a rival's market weak spots so that, for example, it could target a geographically precise campaign to "kill it off."

The underlying intent, however, is to create what essentially would be the first computerised "encyclopaedia" of the industry.

Even the leading volume vehicle makers admit to gaps in data about the industry. That is not just in relation to the detail in which markets and products are broken down but because in some countries at least, data collection by some national agencies, even in relation to built-up vehicle sales, is inadequate.

Nor is the problem confined to Third World countries. PRS currently is discussing with what Mr Martin describes as "one of Europe's two largest producers" the creation of an additional database, designed to analyse in closer detail underlying trends in the 17 countries that make up Western Europe's commercial vehicle market.

"Vehicles are a highly mature business. Even so, while all the manufacturers have developed considerable data of their own, each has big gaps," observes Mr Martin.

Compilation of the database over a number of years has involved intensive consultations with all the leading producing regions, not least Japan.

PRS's own experience with the Japanese industry, Mr Martin suggests, provides some object lessons for manufacturers within Europe.

"The best, most detailed statistics come from Japan but they always want something in return, in our case information.

"Dealing with them over many years (PRS has a research arm in Tokyo) is illuminating. Initially, they asked the kind of questions which were self-evident; then they refined the questions, making sure they got sensible answers. In the end, they have wound up with a vast and sophisticated information-gathering network and all the time, UK component companies, in particular, keep kidding themselves that they know what is going on, based on bits of historical data."

The amounts of data now flowing into PRS about the Japanese industry, typified by Nissan's 20 two-litre engines, *indicate* other causes for concern to the European industry.

Despite its origins as a producer of small, cheap mass-market cars, the Japanese industry has now arrived at the situation where it is producing more large-capacity cars and engines than West European producers combined. "*And whereas* a typical European car producer, even the largest, may have four or five engine 'families,' the big Japanese companies are moving towards 20 each.

"Perhaps even more worrying, there is every sign that the rate of innovation is continuing to accelerate."

JOBS COLUMN

How high fliers have come down to earth

BY MICHAEL DIXON

A PERSONNEL chief I knew in Manchester used to argue fiercely for a law changing all computer staff's surnames to Gonzales, in line with the legendary "Speedy." That was in the mid-1960s when computers were regarded as exceeding strange, and the creatures who could make them work even more so.

While there was admittedly nothing speedy about them when it came to getting things done, the personnel man said, they were like greased lightning in going off to jobs elsewhere.

He also used to go on about having to pay them too much money. And he was not alone in that view either. For example, I have before me a yellowing cutting of an article I wrote in 1967 after being put through a battery of job-suitability tests by an occupational psychologist: Sam Smith of Austin Knight.

Mr Smith advised me to change jobs straight away and become a systems analyst. My reply was that I would rather stay a journalist. "Suit yourself," he said. "But you'd earn an awful lot more as a systems analyst."

How things have changed since then is suggested by the accompanying table. Compiled from Computer Economics' latest survey of pay and conditions as at April 1, it refers to 11 kinds of computer staff in Britain. They are data-processing managers and seven lower executive types, plus the non-managerial grades of systems analysts, programmers and operators, numbering 9,014 all told.

Managers with responsibility for:	Total annual money rewards as at 1/4/85: Lower quartile	Median	Upper quartile	Average	Rise on 84 avge	Rates of staff turnover in computer management jobs: All turnover 84-85	All turnover 83-84	Left 84-85	Left 83-84	Sacked 84-85	Sacked 83-84	Promoted 84-85	Promoted 83-84
	£	£	£	£	%	%	%	%	%	%	%	%	%
All data processing	20,835	24,121	28,305	25,000	9.5	17.3	12.1	6.6	5.6	1.6	0.4	9.1	6.1
Systems development	18,553	20,799	24,000	21,472	7.8	21.1	11.5	11.5	5.8	0.6	1.4	9.0	4.3
Computer services	17,600	20,256	23,200	20,622	8.4	16.6	10.2	11.4	3.4	—	1.1	5.2	5.7
Systems	17,325	19,146	21,000	19,342	7.4	15.6	10.3	5.5	4.6	2.0	—	8.1	5.7
Programming	16,413	17,669	20,073	18,254	9.3	8.9	11.1	1.8	8.9	1.8	—	5.3	2.2
Systems & programming	16,300	18,171	20,600	18,754	7.1	14.2	11.3	5.3	5.9	—	1.8	8.9	3.6
Operations	14,172	16,581	18,856	16,833	7.3	9.7	9.4	5.8	2.6	1.0	1.0	2.9	5.8
Technical support	16,100	18,000	19,704	18,313	7.5	12.0	13.6	5.7	8.2	2.1	1.8	4.2	3.6
Non-managerial:													
Systems analysts	10,900	12,210	13,629	12,394	6.9	19.5	17.6	14.9	14.1	0.8	0.8	3.8	2.7
Programmers	8,990	10,023	11,202	10,202	8.6	20.6	20.0	18.4	17.5	0.4	1.1	1.8	1.4
Operators	7,611	8,886	10,360	9,111	8.8	12.8	12.0	9.8	9.8	1.0	0.5	2.0	1.7

As always I have room for only snippets from the survey. Readers wishing to known more should contact Peter Stevens of Computer Economics at 51 Portland Road, Kington upon Thames, Surrey, KT1 2SH; Telephone 01-549 8726.

The table's left hand five columns of figures relate to total money earnings—salary plus bonuses and the like. The lower quartile represents the pay of the person a quarter way up a ranking of all in the same job-category, the median that of the one half way in the ranking, and the upper quartile the rewards of the person quarter way down from the top. Then comes the average among all in the category, followed by the percentage rise on the corresponding figure a year earlier.

As things have turned out, it appears that Sam Smith was mistaken about the pay prospects of systems analysts: even a journalist could hardly complain at the comparison. Indeed none of the computer staff covered by the table could fairly be described as earning "an awful lot" of money.

Moreover such people's speediness to be up and gone seems to be a thing of the past, according to the right-hand eight columns of figures. These give staff-turnover rates for each of the job categories during 1984-85 and, for comparison, 1983-84. First comes the percentage turnover for all reasons, which is then broken into the proportions leaving of their own accord, getting the sack, and being promoted (which includes "sideways" moves).

Although most overall turnover rates are up on the 1983-84 figures, Peter Stevens does not see them as constituting any reason for employers—at least—to worry. "After all, there's nothing wrong with 20 per cent staff losses," he says, "provided they aren't the 20 per cent you most want to keep."

Hotels ace

TODAY'S first job might attract English Rugby Union supporters on the principle: "if you can't beat them, join 'em." It is in New Zealand, and being offered through Ginny Spittle of the Australian recruitment group Slade Consulting, who at the moment is operating from 13 Devonshire Street, London W1N 1FS; tel 01-637 7604, telex 299751 Eureca G.

The post is for a general manager of a hotel group's on-premises food, beverage and restaurant operations, and requires success in similar work at group level plus skill in strategic planning and change-management. Rewards totalling exchange-rate equivalent of about £35,600.

Ms Spittle promises not to identify any applicant who so requests to the employer at this stage. (So does the headhunter next to be mentioned.)

She is also offering a £50,000 "package" for a successful entrepreneurial manager, preferably with recruiting experience, able and willing to relieve her of the task of building up Slade Consulting's business in Britain.

Finance chief

PARIS will be the base of the internationally experienced, French-fluent, hard bitten finance director wanted by headhunter Nicholas Angell (11 Waterloo Place, London SW1Y 4AU; tel 01-930 7971). The employer is a currently re-organising French group with diverse engineering operations, mostly in other countries.

Salary guide is £60,000.

Big yachts

A GLOBE-TROTTING broker of big yachts and small ships is sought by David Halsey, chief of Halsey Marine (22, Boston Place, Dorset Square, London, NW1 6HZ; telephone 01-724 1303, telex 265131 Halsey G).

The needs are success in selling to people rich enough to buy such things around the world and knowledge of relevant marine matters including the legal aspects of sales contracts.

Salary to cover costs plus results-based bonuses expected to bring total to at least £20,000 in first year.

UK Corporate Banking

- Merchant Bank -

c.£18,000

A leading UK Merchant Bank currently seeks an executive with business development experience for its domestic banking division. The role will include marketing the full range of the bank's services to a variety of large and medium size companies together with an active involvement in the structuring and negotiation of transactions.

Candidates will be graduates with at least two years' experience, gained in a leading international or merchant bank. As well as strong credit skills and a flair for marketing, the successful applicant will have a wide product knowledge and an imaginative approach to problem solving.

Interested applicants should contact either **Christopher Smith** or **Jonathan Williams** on **01-404 5751** or write to them, enclosing a full curriculum vitae, at the **Banking & Finance Division, 23 Southampton Place, London WC1A 2BP**, quoting ref. 3505.

MP

Michael Page City

International Recruitment Consultants

A member of the Addison Page PLC group

Tax Free Finance Opportunities

Petrochemicals – Saudi Arabia

YANPET, a joint SABIC/MOBIL venture has recently commissioned its major petrochemical complex on the Red Sea coast at Yanbu. These appointments offer a challenging opportunity for well motivated professionals to join a competent international finance team.

Senior Accountant – General Ledger

Responsibilities include the preparation and review of general ledger and subsidiary ledger accounts and the production of periodic reports. Special emphasis will be placed on fixed asset development and liaison with payroll, AP/AR, inventory and production accounting sections.

The need is for qualified accountants who have computerised systems knowledge, proven supervisory skills and work experience in a manufacturing environment preferably petrochemicals. Ref. B.1183/80.

Financial Analysts

Working as part of a small team responsibilities will include projects in financial and cost analysis, budgetting and profit planning.

Candidates, probably qualified accountants or graduates, should have proven experience gained preferably within a chemical manufacturing or engineering environment. Excellent oral and written skills are essential. Ref. B.1183/81.

In addition to attractive tax free salary, benefits include free furnished accommodation, utilities, insurances, medical cover, bonus and generous UK leave with paid air fares. Annually renewable contract, initially on single status, may be converted to married status when housing is available.

Please write – in confidence – with full personal and career details, quoting appropriate reference, to M. J. Lebbell.

HAY-MSL Selection and Advertising Limited, 52 Grosvenor Gardens, London SW1W 0AW.

مختصون باستيطاف العرب

HAY-MSL

middle east

SENIOR CREDIT MANAGER £28,000+

A Major American Bank seeks to recruit a Senior Credit Manager, with a minimum of 3-5 year's European Credit experience. The successful applicant, aged 28-36 years and US credit trained, will possess a sound knowledge of a variety of financial products, including medium term lending, major asset finance etc. A highly competitive salary and excellent fringe benefits package, including a company car, are offered.

Please contact Brian Gooch or Jill Backhouse.

UK CORPORATE MARKETING £17,000-£25,000

We have a number of clients seeking to strengthen their Business Development teams, particularly in the UK corporate sector. Applications are invited from qualified Bankers, or Graduates, with a good business degree, together with at least 2 year's marketing experience within a banking environment. Formal credit training would be a distinct advantage.

Please contact David Williams or Anne Griggs.

FOREIGN EXCHANGE DEALERS £12,000-£20,000

We have been retained by a number of active Banks to recruit a variety of experienced Foreign Exchange Dealers. Candidates should be aged between 21-28, with twelve months relevant experience, which should include either Spots, Forwards, CD's or Deposits. Three of these vacancies are for specialised Spot Dealers, preferably with $/DM or $/Yen experience.

Please contact Richard Meredith or Trevor Williams.

All applications will be treated in strict confidence
JONATHAN WREN & CO. LIMITED.
170 Bishopsgate, London, EC2M 4LX. Tel: 01-623 1266

Jonathan Wren
RECRUITMENT CONSULTANTS

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INSTITUTIONAL SALES – MERCHANT BANKING

To £30,000 according to age and experience

Our client, a leading European Investment Bank, has two positions for talented young graduates with a strong stockbroking background.

U.K. EQUITIES

You should have two years experience of the U.K. Equity market, ideally with a bias towards Blue-Chip corporates, with a sound analysis/sales background. Our client runs a successful U.K. Equity Trading portfolio, and you should feel capable making an immediate contribution, liaising with stockbroking and research houses, as well as making contact with institutional clients abroad.

EUROPEAN EQUITIES

You should have at least eighteen months experience in the European department of a stockbroker and an in depth knowledge of the French Equity Market. This position will involve promoting securities of smaller French corporates in this country and abroad.

Both positions will involve some European travel and a second language would be a distinct advantage.

If you would like to discuss these positions in greater detail please contact:

Christopher Lawless or **Stuart Clifford**.

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

—JUNIOR TRADER—

SHORT-TERM U.S. DLRS SECURITIES

Credit Suisse First Boston Ltd., the leading international investment bank, is looking to further increase their staff within the trading area. The requirement is for a Junior Trader with the ambition to become a specialist Euronote Trader. The ideal candidate is likely to be a graduate aged between 22 and 24, who has had up to one year's experience in actively trading C.D.'s, government bills or U.S. commercial paper. An attractive salary together with a performance related bonus and the usual range of banking fringe benefits will be paid to the successful candidate.

Please write enclosing a curriculum vitae to: T.M.B. Kerrigan, Credit Suisse First Boston Ltd., 22 Bishopsgate, London EC2N 4BQ.

CSFB

INTERNATIONAL VOLUNTARY SERVICE

SMALL BUSINESSES MANAGER/TRAINING OFFICER

IVS

for vocational training centre in Swaziland. The manager/training officer will carry out and train others in production co-ordination, marketing, buying, bookkeeping, administration etc. Formal qualifications are less important than relevant experience which may include running a business or co-operative; retailing; experience as a general, sales, office, or personnel manager; accountant or buyer. Two year contract including modest living allowance and flights. Regret no funding for dependants. Applicants must be resident in UK or Ireland.

For details send large sae and short cv to:
Rose Gorringe, Dept. FT1
International Voluntary Service
53 Regent Rd. Leicester LE1 6YL

PENSION FUND INVESTMENT ASSISTANT

A self investing pension fund in the West End requires a Dealing Assistant with a good knowledge of U.K. equity markets and with some analytical experience aged 25-35 to join small investment team.

Please write with details or experience qualifications and salary envisaged to Box A9036 Financial Times 10 Cannon St, London EC4P 4BY

PERMANENT STAFF RELOCATION? Property searchers will locate, select and vet suitable property in the UK, contact Sue Boardman on 0424-213322 for more information.

Shepherd Little & Webster Ltd

Banking Recruitment Consultants

HEAD OF BANKING DEPARTMENT c£15,500 plus car

Our Client, a major international bank well established in the U.K., places great importance on the service it offers to customers, accordingly this appointment will be at Assistant Manager level. The position, reporting to the Manager of Operations has complete responsibility for the general banking department comprising of six staff. Candidates, in the age range 33 to 43 years, will be expected to exhibit the personal characteristics of tact and diplomacy coupled with the strength of personality to bring a higher level of professionalism to the department.

Please contact David Little

INTERNATIONAL AUDIT OFFICER to £15,000 plus travel expenses

This major U.S. bank is seeking an additional auditor/banker to take a position of responsibility on their overseas audit/operations review team, based in London. Ideally they would like a single person in their late twenties or early thirties with previous experience of bank auditing. However, they would be very keen to talk with candidates who can demonstrate a varied operations background gained from within international banking and willing to travel to the banks' overseas branches for most of the year.

Please contact David Little

PERSONNEL OFFICER £15,000+

This is a new appointment within the personnel department of a major foreign bank. Their ideal candidate will be aged 27 to 35 years, have a minimum of five years experience of personnel/recruitment/training gained with another bank or financial institution, and be educated to degree level or be qualified I.P.M.

Please contact David Little

TRADE FINANCE MANAGER

Our Client, an expanding International Merchant Bank, has an opening for a Manager to take control of the active Trade Finance Department. There will be a considerable amount of customer contact and new business development and marketing associated with this position, primarily in the U.K. Candidates aged around 35/45 must have proven leadership qualities and an established track record in all aspects of Trade Financing. The importance of this appointment is reflected in the attractive remuneration package c£25,000 which will be enhanced by bonus, company car and mortgage facility.

Please contact Brenda Shepherd

Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

JUNIOR LOANS OFFICERS

Above £10,000 + Banking Benefits

Our Client, a leading European Bank is seeking numerate graduates who have one to three years experience in the Financial Sector.

These city based appointments will provide successful candidates with an opportunity for rapid career progression to full Loans Officer status. Our client is committed to staff development and the training facilities available encourage staff to fulfil their potential. Duties will include contact with European offices thus a knowledge of languages though not essential, will be of interest.

Candidates seeking their first career move who are keen to develop in a growth environment are invited to write in strictest confidence with a full CV and daytime telephone number to:

Mr. Lubienski, MCP Consultants, Halton House, 20 Holborn, London EC1N 2JD

MCP Consultants

Financial Sector Human Resources

MARKETING EXECUTIVE

CITY BANK

A City banking company, a wholly owned subsidiary of a foreign bank, seeks a Marketing Executive to work closely with management and be directly responsible to the Managing Director. The applicant envisaged would be aged 36-50 with many years' experience in banking and/or the finance house sector and with established contacts with brokers, solicitors, accountants and other introductory sources, in the development of banking business. Salary and other benefits by arrangement, including non-contributory pension scheme.

Write with full curriculum vitae to:
The Managing Director, Box A9034, Financial Times
10 Cannon Street, London EC4P 4BY
marking the envelope "Strictly Confidential"

Graduate Economist or Econometrician

One of the leading economics departments in the City of London is expanding its small and successful team of macro-economists. A young economist or econometrician is needed to complement the research skills of this respected team. The ideal candidate would have an excellent first degree and/or post-graduate qualifications in economics, with specialist knowledge of monetary economics and/or econometrics. Candidates with one or two years work experience will be considered. Only highly motivated individuals, with a desire to succeed in the competitive world of financial markets, need apply. Terms and conditions will be competitive, and career prospects are excellent.

Please write with c.v. and references to Box A9038, Financial Times, 10 Cannon Street London EC4 4BY.

Manager

Gilt Edged and Sterling Fixed Interest Settlements

Our client seeks applications from suitably experienced candidates who will play an important role in a primary gilt dealing operation to be established in the near future. Please send a c.v., together with a list of those banks to whom you would not wish your details to be forwarded, to Keith Lowing quoting ref. S/55.

SAATCHI & SAATCHI RECRUITMENT
80 CHARLOTTE STREET LONDON W1A 1AQ

CHIEF

STERLING DEALER

Top 10 U.S. Bank

Already acknowledged as a major force in foreign exchange and money market trading, our Client is now committed to the significant expansion of its Sterling dealing activities.

To this end, the bank requires a senior dealer to head up and manage all Sterling funding and trading activities; this will include funding a substantial sterling loan portfolio and trading Gilts, C.D's, futures, swaps and the full gamut of money market instruments.

Candidates will possess at least 5 years' successful sterling dealing experience and a comprehensive knowledge of all sterling instruments. Leadership capabilities are important since the development of a strong team is critical to the bank's expansion in this area.

This is a key and senior appointment which offers unlimited scope with a substantial and highly successful institution.

Contact Norman Philpot in confidence on 01-248 3812

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60 Cheapside · London EC2 · Telephone 01-248 3812 3 4 5
Management Consultants · Executive Search

Senior Manager

TAX & PERSONAL FINANCIAL PLANNING

City Based **c£25,000 + Car**

Our client is seeking to consolidate and expand its financial services division with the recruitment of a senior Tax and Personal Financial Planning specialist.

The successful candidate should be aged between 30 and 40, with at least 10 years' practical experience of the personal tax and financial planning business. A relevant professional qualification and some experience of corporate tax would be an advantage.

He/she will be responsible for the day to day management of the area and also for the continuing development and expansion of the client base.

The compensation package will include a car, bonus scheme, subsidised mortgage facilities and a range of other benefits.

Please write, enclosing a comprehensive CV, in strict confidence to: K.W. Causton, (Ref. TPF/13), Kenneth Causton & Associates, Wakefield House, 152/153 Fleet Street, London EC4A 2DH. Please state under separate cover any companies to which your application should not be forwarded.

Kenneth Causton & Associates
RECRUITMENT ADVERTISING

Marketing and PR Executive

R WATSON & SONS

R Watson and Sons, one of the largest firms of consulting actuaries and a market leader in the pensions field, is committed to growth in the provision of high quality consultancy and related services for pension fund, insurance company and other corporate clients in the fast-moving financial sector.

In this key new position, the Marketing and Public Relations Executive will implement marketing and public relations strategies designed to achieve the firm's corporate objectives. This will involve active participation in the design, production and dissemination of technical information and other communications, both internally within the firm and externally to clients and professional connections, the organisation of workshops and seminars, and other related activities.

The Marketing and Public Relations Executive will probably be over 28 with a degree and, ideally, a relevant professional qualification, and must have had first-class marketing experience, ideally in the financial sector and related to pensions. He or she will need to be a fast and fluent writer with a keen awareness of design and style, and must be capable of quickly establishing personal credibility with senior members of this modern professional firm through an intelligent grasp of the issues currently affecting pensions and insurance.

The company's modern head office in Reigate offers the attraction of a professional and dynamic City environment at an out-of-town, but easily accessible to London, location.

Salary, envisaged at around £25,000 plus car and other attractive benefits, should not be a limiting factor for an exceptional candidate.

Please send full cv, in confidence, quoting Ref: SM95/9328/FT.

PA

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Wanted

MANAGING DIRECTOR

43, British, MBA engineer, experienced sales/marketing/P & L seeks business to manage or partial/total buy-out. Manufacturing mechanical, hydraulic, pneumatic, electro products — West or South London, SW Home Counties.

Write Box A9035, Financial Times
10 Cannon St, London EC4P 4BY

The clue to a new career? Investigate here.

The Cambridge-based Eastern region investigation and management consultancy practice of Coopers & Lybrand Associates, is currently expanding in order to cater for the rapidly growing demand for its services through the Northampton, Bedford, Leicester, Norwich and Kings Lynn offices.

As a result, we are seeking forward-thinking graduate accountants, aged 27-38, with specialist investigation and financial planning experience. Our existing consultancy and investigations team undertakes assignments for a wide range of clients in the region, and includes specialists in manufacturing, distribution, I.T. and economics.

As part of our Financial Planning and Systems group, you would be involved in providing services requiring the application of a broad spectrum of problem-solving skills – analytical, creative and practical. Working in close-knit multi-specialist teams and with ongoing training, your experience and expertise will develop quickly. Moreover, salaries range from £20,000-£28,000 depending on experience. This is clearly a unique opportunity for career progression as part of Britain's largest management consultancy unrivalled in the services it offers.

If you feel you need to investigate further, please send a résumé, including daytime telephone number to Keith Williams, Coopers & Lybrand Associates, Mount Pleasant House, 2 Mount Pleasant, Cambridge CB3 0BL, quoting ref. 05/11.

Coopers & Lybrand

For business committed to growth.

Group Tax Manager

London ***c£32,500 + full benefits***

Guinness PLC, an expanding international Group involved in Brewing worldwide, Retail, Health and Publishing, wishes to recruit an outstanding tax professional to the challenging position of Group Tax Manager.

Reporting to the Director of Finance and Control, the successful applicant will assume overall responsibility for tax planning and compliance throughout the Group.

Candidates are expected to be aged 35-45, must have a recognised professional qualification and will have considerable post qualification experience in UK and international tax. The successful candidate must have had responsibility at a senior level for the tax affairs of a British-based multinational public company and will be familiar with the challenges associated with such a position.

This appointment offers an excellent opportunity to join a dynamic company in a senior and exciting role, and thus represents an ideal opportunity to develop one's career.

The post attracts an attractive compensation package which includes a car, profit share and bonus. Removal costs will be reimbursed if appropriate.

Candidates should write in strictest confidence enclosing a fully detailed CV plus current salary and quoting MCS/7165 to: Michael R. Andrews, Executive Selection Division, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse
Business Needs Experts.

CAPITAL MARKETS - BUSINESS DEVELOPMENT MANAGER £ NEG

Intimate knowledge of marketing to top 100 UK corporates is considered essential for this new merchant banking venture.

INTERNATIONAL SECURITIES SALES £ NEG

Experienced in the movement of UK and European equity investment markets is required to become part of the team generating and promoting investment in UK securities.

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Several positions exist in active trading operations for experienced settlements personnel at various levels.

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Staff Consultants
109 Old Broad Street
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Tel: 01-588 3991

Wood Mackenzie & Co Ltd
— L.I.F.F.E. SALES —

An experienced salesperson is required to augment our small successful team. A competitive salary, bonus and excellent career prospects will be offered to the right applicant.

Alan Johnson,
Wood Mackenzie & Co Ltd,
Member of The Stock Exchange
62-63 Threadneedle Street,
London EC2R 8HP
Tel: 01-600 3600

A-B QUALITY

MANAGER

Export Compliance Regulations

Amsterdam **Multi-National Responsibility**

Our Client, Allen-Bradley, is the world leader in industrial control and automation. Its' products are recognised as the international standard for quality, reliability and endurance. An innovative product range, backed by a commitment to excellence in engineering and customer support services will ensure a continuation of the company's rapid growth.

The autonomous European group has manufacturing or sales companies in all major markets of Europe, the Middle East and Africa.

This is a new position reporting to the European Financial Director. The successful candidate will take responsibility for the development and implementation of all procedures for legal and export compliance within the Group and for the provision of advice and guidance to sales operations, with emphasis on Europe and other non-European territories. Duties will involve considerable travel and liaison with all company functions from manufacturing through to distribution. In this senior new post, there will be considerable room for personal initiative and contribution, and the opportunity to gain insight into a wide range of general management and specialist functions.

The position will appeal to qualified candidates under 35 and ideally graduates, with several years of relevant commercial legal experience. Fluent English is essential and other European languages would be a distinct asset. Preference will be given to applicants who are or have been based in the Netherlands and have some knowledge of relevant EEC regulations.

A car allowance will be provided together with an excellent salary, benefits and full relocation assistance where applicable. Candidates can expect a thorough company induction to be carried out in the UK, Europe and USA.

Please write to Thompson Associates Ltd., Recruitment Consultants to the Company, quoting ref. no. 1012, 232 Portland Road, London SE25 4SL.

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MONTAGU LOEBL STANLEY FINANCIAL SERVICES

INSURANCE BROKER

Personal Financial Planning

We require a young executive to join our expanding financial services company. The ideal candidate will have at least three years' broking experience and either be registered or CII qualified and preferably aged under 30. There are excellent prospects for rapid advancement and the remuneration package will be most attractive.

Apply in confidence, enclosing a current c.v., to:

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MONTAGU LOEBL STANLEY
FINANCIAL SERVICES LIMITED
31 Sun Street, London EC2M 2QP

MURRAY JOHNSTONE

Investment Management

Murray Johnstone, which is located in Glasgow, manages funds totalling more than £2,200 million for Investment Trusts, Pension Funds and Unit Trusts. They also advise Offshore Funds and US Pension Funds and manage Investment Companies specialising in unlisted investments.

The growth in funds under management and plans for increased expansion have created the need to recruit additional people.

The opportunities will suit those aged between twenty-four and thirty who may have had some exposure to investment but great importance will be attached to general aptitude and likely potential. A good educational background or professional qualification will be necessary.

Successful applicants can look forward to assuming increasing management responsibility once Murray Johnstone investment techniques have been learnt.

Please write in confidence enclosing a full c.v. to **R. H. White, David Sheppard & Partners Limited, 21 Cleveland Place, London SW1Y 6RL (Tel: 01-930 8786),** who act as advisers to the company.

APPOINTMENTS ADVERTISING
APPEARS EVERY THURSDAY

SENIOR FUTURES TRADER

Prime American Bank

Our Client enjoys an enviable reputation for the breadth and consistent success of its Treasury operations.

Current plans call for the recruitment of a senior dealer who will assume full responsibility for the growth and development of the bank's futures trading activities.

Ideal candidates should have at least 4 years' experience and a successful record in all aspects of money market trading and futures trading in particular – some direct experience of the US markets would be a distinct advantage.

An excellent salary and benefits including a bonus scheme will reflect our Client's wholehearted commitment to this appointment.

Contact Norman Philpot in confidence on 01-248 3812

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Management Consultants · Executive Search

Management Consultancy in Banking and Financial Services

Use your experience of Banking or other Financial Services in a challenging Management Consulting environment

Price Waterhouse is internationally renowned for its financial and management consultancy services. We have a need for bright, ambitious individuals, with sound experience in banking or other financial services to join our specialist consultancy group in London and other European locations.

We provide a range of consulting services with special emphasis on assignments in the areas of operational efficiency, the provision and use of management information, and the effective use of Information Technology.

Typical assignments have included – upgrading management organisation and operating procedures (for a large Middle East bank); development of financial reporting systems using advanced modelling software (for a major UK bank); participation in the selection and introduction of suitable banking computer systems (for various UK and overseas banks); and advising on the appropriate use of new electronic technology (for a group of banks in Europe).

We offer very attractive career prospects and a competitive remuneration package to candidates aged between 25-35 with at least 3 years suitable experience in the financial services sector. A professional accountancy qualification or significant experience in information systems would be a distinct advantage.

The ability to work as part of a team in a professionally demanding environment is essential, and you must be able to communicate effectively with senior management.

If the challenge of consultancy attracts you please send, in confidence, full career and personal details quoting MCS/8022 to: Peter Humphrey, Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse

Business Needs Experts.

MANAGING DIRECTOR—EXPORT FINANCE

LONDON BASED — SALARY £40,000 P.A. NEG

Middle Eastern financial institution, with offices around the world, seeks a managing director of the highest calibre for its newly established export finance organisation in London.

The successful candidate will be responsible for launching and staffing the operation, and will have previous experience at senior level of ECGD, with good working knowledge also of Hermes, COFACE, FCIA and US EXIM Bank.

The right person will be strongly result-orientated with substantial entrepreneurial skills. Great emphasis will be placed on the latter.

Please speak with or write with full c.v. in confidence to:

Elizabeth Hayford,
LJC BANKING APPOINTMENTS,
146 Bishopsgate, London EC2M 4JX.
on 01-377 8600

TREASURER

Neg to c£30,000

National Girobank is an established UK Clearing Bank with a substantial growth record in both corporate and personal banking markets: further growth and diversification is planned. The bank is seeking to appoint an experienced professional to the key position of Treasurer.

Reporting to an executive Director and located at the bank's City head office, the Treasurer is responsible for the effective management of the bank's money market, fixed interest investment and related activities and for the further development of the bank into a broad range of financial markets.

The successful applicant will be an experienced professional who combines the proven ability to exploit new market opportunities with a thorough knowledge and understanding of treasury principles and techniques. Well developed negotiating skill and judgement is required. The ideal candidate is likely to be aged 35 to 45 and will hold an appropriate qualification.

Commencing salary is negotiable within the range c£25-£30,000. Further performance-related salary progression is possible. Other main benefits are five and a half weeks holiday and contributory index linked pension scheme. Relocation assistance will be provided where appropriate.

Please reply in writing outlining career, salary progression and how your skills and experience match the requirements of the job, to: Peter J. Farrer, Head of Management Development, National Girobank, 10 Milk Street, London, EC2V 8JH.

NATIONAL Girobank

Group Company Secretary

North West c.£20,000+Car

Our client is an established and successful £80m t/o Plc., engaged in the manufacture and worldwide distribution of household goods.

Reporting to the Group Finance Director, the Group Company Secretary will have responsibility for all legal and statutory requirements of all group companies within the UK. Specific responsibilities of the position will include, inter alia,

★ Legal Matters ★ Share Option Schemes ★ Employee Benefits
★ Group Insurances ★ Property Interests ★ All Statutory Requirements

Candidates, aged 35+, who hold an appropriate professional qualification, should be able to demonstrate extensive relevant experience (including an in-depth knowledge of company and commercial law), excellent communication skills and the level of maturity required to make a significant contribution at this level.

Relocation facilities are available where appropriate. Interested applicants should write to Barry Ollier, BA, ACA, quoting reference 7017, at Michael Page Partnership, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

International Financial Markets Trading Limited

was formed in 1984 and has U.S.$25m in institutional capital. Trading profitably, they currently enjoy assets in excess of U.S.$100M. They are a professional organisation with ambitions to be a market leader in their chosen field.

They now wish to recruit a Settlements Manager at the highest level. Reporting to the Operations Manager, the successful individual will be responsible for a small nucleus of people settling trades in Eurobonds, U.S. Treasuries, futures, options, equities and gilts. It is envisaged that applicants will have several years' experience, encompassing Eurobonds and U.S. Treasuries specifically. While a knowledge of other products would be advantageous, the most important criteria are the ability and willingness to learn the procedures for settling these products as well as new instruments as they are introduced to the market. Remuneration will be negotiable but is at a sufficiently high level to attract the highest calibre applicants.

FTB Recruitment (London) Limited

FTB Recruitment Limited have been retained by IFM Trading Limited and prospective applicants should contact Stephen Dopson on 600 1211 or 586 4417 (after 7 p.m.) for initial discussion.

Opportunities in Credit and Marketing

New Roles in expanding Business Area

International Banking City based

The London Office of The Hongkong and Shanghai Banking Corporation, part of The Hongkong Bank Group with assets in excess of £50 billion, is widening its credit services. The expansion has created challenging opportunities for executives in the Credit Division.

ASSISTANT MANAGER not less than £26,000

Reporting directly to Manager, Credit Division, you will head a team marketing the Bank's extensive range of Foreign Exchange and Treasury products to corporate clients in the UK.

You will be at least 35, ideally a graduate with a minimum of 10 years' banking experience and will be able to demonstrate significant achievements in corporate business development at a senior level in a major bank. A further requirement is a proven ability to conduct market research and evaluate business opportunities.

CREDIT OFFICER not less than £21,000

This is an important role, marketing the Bank's range of Foreign Exchange and Treasury products to corporate clients throughout the UK. You will be part of a credit and marketing team at the forefront of developing the Bank's business.

Aged about 30 and, ideally, a graduate, you will have at least 5 years' corporate lending experience gained in a major bank. The ability to research a market, to analyse a company's performance and to sell the Bank's services is essential. A person of presence and determination is required.

In addition to the salaries indicated, attractive benefits packages include non-contributory pension, car, BUPA and housing loan.

Application forms may be obtained by telephoning or writing by 24 June to:

International Recruitment Officer
The Hongkong Bank Group
99 Bishopsgate
London EC2P 2LA
Tel: 01-638 2366 Ext. 2922

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Investment Management

There is a vacancy for a FUND MANAGER (OVERSEAS) whose principal responsibility will be the management of a number of the Group's North American equity portfolios. An increase in the range of unit linked products has given rise to enhanced opportunities for Fund Managers.

The successful applicant is likely to be a graduate aged between 25 and 35 with some previous investment experience who should be prepared to accept responsibility for the performance of Funds under his or her management.

The position offers excellent career opportunities and attracts a comprehensive benefits package.

Please apply in writing to:

Miss K.R. Lewry
Personnel Manager
National Mutual Life Assurance Society
5 Bow Churchyard (Off Cheapside)
London EC4M 9DH.

Banking Officers

Banque Nationale de Paris p.l.c., the London subsidiary of one of the world's largest banking groups, provides a full range of international banking services to UK and multi-national corporate clients. We now wish to recruit Banking Officers, capable of maintaining the development of our well-established client base.

Applicants, probably aged about 30, should be of graduate calibre and have at least 3 years' experience in a major bank. Career emphasis should be related to lending, financial instruments and capital markets. The ability to communicate effectively, personal presentation, and ease in inter-personal relationships at all levels will be considered relevant professional skills. A good working knowledge of French would be an advantage.

The successful candidate will have good potential for future progression in the international network of the BNP Group as well as in the UK.

Competitive salary and normal banking sector benefits will be offered.

Please write in the first instance with full career details to Paula Keats at the address below:-

Banque Nationale de Paris p.l.c.

BNP

8-13 King William Street, London EC4P 4HS.
Tel: 01-626 5678.

CORPORATE BANKING

Our client, a well known international commercial bank with branches in all of the world's finance centres, seeks to increase its UK corporate team.

After many decades in London the bank is developing a new strategy for the UK market and as a result there is a need to increase the bank's corporate client base in the UK. This calls for vigorous marketing and accurate perception of clients present and future requirements.

Applicants, who should be graduates, must have a minimum of two to three years' experience in commercial or merchant banking and are likely to be in the age range 24-29.

There are excellent career prospects with the opportunity to work in the bank's overseas offices in Europe, the Far East and North America. Individuals who are ambitious and have the necessary drive can expect rapid promotion. There is a highly competitive compensation package which includes all the normal benefits for executives with a major bank.

Apply to: Marlar International Ltd., City Office, 12 Well Court, London EC4M 9DN, or telephone 01-248 9614.

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Coopers & Lybrand Associates are the largest management consulting firm in the UK. For good reason. Through specialist functional or sector groups working in multi-disciplinary teams, we provide a diversified range of services. Our consultants are of the highest quality and are committed to the profitable growth of our clients and ourselves. From strategic planning through to implementation of support systems, we deliver!

Rapid changes in the financial services sector in the UK and also other parts of Europe have given rise to a host of new problems which our consultants have been asked to solve. For example, an Investment Bank needed to develop a more profitable strategy for treasury marketing. Using a special methodology, we measured the performance of the bank's treasury by product type and source, helped re-orient the marketing strategy and subsequently implement an effective monitoring system.

In another instance, a major international bank wished to differentiate its service from its competitors to improve profit margins. We were asked to assess the changing requirements of leading corporate customers and develop an appropriate product strategy in specific areas.

Another client, an insurance company, was interested in a major expansion through acquisition. We worked with them throughout the project from initial strategy formulation through to assisting in re-organisation and the development of more effective marketing plans.

We now need more Marketing/Planning executives to work on projects such as these. If you feel you're ready for such a challenge, our Financial Services division would like to hear from you. We're looking for people probably now working in banks, building societies, insurance companies or securities houses with at least seven years' experience. They are likely to have had line experience as well as a period in the marketing/planning function.

We'd also like to hear from you if you have just a couple of years' experience, especially if you feel your analytical and planning abilities are not fully stretched.

If you've got the vision and analytical skills demanded by today's financial environment, we can develop the right remuneration package for you.

Please send a career résumé, including a daytime telephone number and quoting ref. 01/12 to Angus Hislop, Coopers & Lybrand Associates, Fleetway House, 25 Farringdon Street, London EC4A 4AQ.

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NORTHERN ENGLAND **£35,000 – £50,000**

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Applications are invited from candidates aged 37-45, who have acquired at least 7 years' successful practical experience in marine insurance, preferably with a P and I Club, at least 3 years of which must have been acquired at general management level. Responsibilities will cover the efficient overall management of the P & I Club's operation with particular direct control, through a competent team, of its finances and management of funds, re-insurances and stop losses, claims and the close liaison with the international club members. An excellent understanding of the working of P & I Clubs, the stature and commercial acumen in an administrative ability, to take the organisation into an even stronger market position is of key importance. Initial salary negotiable, £35,000 – £50,000 + car, contributory pension, free family medical, assistance with removal expenses if necessary. Applications in strict confidence under reference MDMI 4350/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LTD, 35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX No: 01-638 9216.

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MAJOR INTERNATIONAL GROUP

We invite applications from candidates, aged 35-42, qualified as solicitors, who have acquired at least 6 years' post admittance experience, 3 years of which will have been gained in the legal or secretarial department of a *substantial* public company. The successful applicant will be responsible for assisting the Group Secretary over a wide range of legal, secretarial and administrative functions. Experience of public company acquisitions will be an advantage as will experience of large scale financing transactions. Commercial acumen, numeracy, flexibility and the ability to communicate factually and lucidly at all levels is important. Initial salary negotiable £20,000-28,000 + car, non-contributory pension, free life assurance, free family medical facility, assistance with removal expenses if necessary. Applications in strict confidence under reference AGS/091/FT to the Managing Director:

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD, 35 NEW BROAD STREET, LONDON, EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-638 9216

• Please only contact us if you are applying for one of the above positions. However, for organisations requiring assistance on recruitment – please telephone 01-628 7539

GENERAL MANAGER

Concord Weekly, Africa's fast-growing international newsmagazine requires a General Manager to work in its London office.

The applicant should be a graduate and preferably have an accounting background and experience or be thoroughly experienced in newspaper/magazine management at top level.

Suitable candidates must have at least five years' management experience.

Interested applicants should send their application and CV to:

CONCORD PRESS OF NIGERIA LTD,
5/15 Cromer Street,
King's Cross,
London WC1H 8LS.
Telephone: 01-833 3661.

INVESTMENT MANAGEMENT

Owing to the continued expansion of funds under management, we are seeking to recruit two high calibre individuals to strengthen our fixed interest and overseas teams. Candidates will be graduates and/or professionally qualified, and must have at least three years experience with a financial institution or stockbroker. They will also possess well developed interpersonal skills that will enable them to work successfully as key members of a small team.

Fixed Interest

The person appointed will have experience in a variety of areas, in *particular the gilt-edged market. He or she* will be expected to become involved in the management of both pension and insurance funds.

U.S. Equities

The successful applicant's principal responsibility will be to assist the *Overseas Manager* in the management of the Group's *U.S.* equity portfolios and, therefore, experience of the U.S. market will be a prerequisite for this position. Short to medium term performance is an essential requirement for several of the portfolios and candidates should be prepared to work in this environment and accept responsibility accordingly.

These are career positions within a substantial investment institution, and the people employed will be expected to make an immediate contribution.

Commencing salaries, which will be dependent on the level of previous experience, will be between £16,000-£20,000 per annum.

In addition an attractive benefits package is offered which includes:
— non-contributory pension scheme
— preferential mortgage scheme.

Applications in writing, together with curriculum vitae, should be submitted, to:

A.P. Peggie, Investment Administrator,
Eagle Star Insurance Company Limited,
1 Threadneedle Street, London EC2R 8BE.

Eagle Star

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LENDING EXECUTIVES

Edward Manson and Company Limited, a U.K. Licensed Deposit Taking Institution and a member of the Hong Leong Group of Companies, wish to recruit experienced Lending Executives to join their London based Property Lending Department.

Ideally, candidates should be in the age range 30 to 40 with a Banking, Legal or Accounting Qualification. A minimum of three years relevant experience in a secured lending environment is essential, as is a strong background in commercial banking and a high degree of business acumen.

A challenging environment, excellent career prospects with a very attractive remuneration package is offered to the successful applicants. Please write in confidence enclosing a detailed C.V to John Webster at

Shepherd Little & Webster Ltd
Banking Recruitment Consultants
Ridgway House 41/42 King William Street London EC4R 9EN
Telephone 01-626 1161

BUSINESS DEVELOPMENT DIRECTOR EUROPE

c.£30,000+benefits

A commitment by our client to further major expansion of its retail consulting activities in Europe has created a new and challenging opportunity for a European Business Development Director.

Areas of operations include corporate *strategy* and investment, target customer marketing, retail market positioning, store planning, merchandise *presentation techniques, and systems development.*

The successful candidate will

- **be aged 30-35**
- **have an excellent first degree**
- **be numerate, analytical, and financially aware – ideally with an MBA**
- **be fluent in at least French or German**
- **show clear skills in directing major projects aimed at improving client profitability**
- **be able to communicate effectively at Chief Executive level**
- **have at least five years experience in the European retailing sector**

Our clients offices are situated in an attractive location South West of London. Career prospects are excellent, and salary and benefits are most unlikely to prove a barrier to the right candidate.

Please send full career details, in total confidence, to:

Nicholas Potter, quoting reference 196/FT,
Mainstay Management Services Limited,
34 York Street, Twickenham, Middlesex TW1 3LJ.
Tel: 01-891 3301

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requires an experienced

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33 King Street, London EC2V 8EE

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The treasury operation is run by a small team dealing in the London Interbank Market covering a wide range of instruments including interbank deposits, certificates of deposit, treasury bills, eligible bills, building society bonds and short-gilts.

We are now seeking an additional money dealer, preferably qualified to degree level, with a minimum of two years experience in active money market dealing. Training would be given where appropriate in foreign exchange and eurocurrency dealing.

Please send full personal and career details, including current salary to:

Sheena Gibson, Personnel Manager, Postel Investment Management Limited, 48 King William Street, London EC4R 9DD

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The Hungarian International Bank is extending its financial trade services and seeks to appoint a Credit Manager.

Ideally with an economics degree and/or accountancy qualification, applicants will need to have occupied a senior credit analytical role within a bank for at least ten years and be *fully* conversant with both United Kingdom Corporate and International financial country risk analysis.

An attractive salary together with other benefits consistent with a senior position in a major international bank will be offered to the successful candidate.

Applications, which must be made in writing, and accompanied by a detailed Curriculum Vitae, should be addressed to:

Jack D. Howse Esq
Manager; Personnel/Credit Information
HUNGARIAN INTERNATIONAL BANK LIMITED
Princes House, 95 Gresham Street, London EC2V 7LU

FRN SALES	£neg
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SECURITIES SUPERVISOR	£neg
EUROBOND SETTLEMENTS SUPERVISORS	£11,000-£13,000

For more information on the above or simply a confidential discussion please call:

LINDSAY YOUNG
on 01-638 9205 or 01-628 0494

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Complete familiarity essential with stock market, unit trust and offshore fund dealing, settlement and registration procedures
The ideal candidate will be 27-33, numerate, articulate, hard-working and attentive to detail and with some experience in insurance, taxation and accountancy
Location: Devon coast — but pressure is high!
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Apply with CV to Box A9037
Financial Times, 10 Cannon Street, London EC4P 4BY

City-based Finance Company

seeks a person who, with liaison and support, will develop its International Trade Finance and Domestic Investments. The successful applicant will ideally be between 25 and 35 years old, intelligent, hard-working and looking to share in the development of a business for the future. Experience and existing banking contacts would be an advantage. Salary and benefits negotiable. We are an equal opportunities employer.

Please write with full curriculum vitae to:

P.O. Box 413, London W8 6JA

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Experienced personal assistant required for the Senior Partner of a leading London firm. Must be fully competent to handle computerised client portfolios and talk to and deal for private and institutional clients. Two or three years' stockbroking experience essential.

Candidates will probably be aged 35-30, male or female. Write giving details of experience and salary expected to Box A9059, Financial Times, 10 Cannon Street, London EC4P 4BY.

International Appointments

BANKERS

...fluent in French and/or Dutch

Attractive package **Benelux**

Continental Bank is a leading US International Bank with European headquarters in London and an extensive network of branches and subsidiaries worldwide.

We currently have opportunities in our Belgian offices for Bankers who have 2/3 years' generalist experience in managing client relationships. You will be part of a commercial banking team and be assigned responsibilities for corporate client portfolio management, cross-selling a full range of credit, investment capital markets and foreign exchange products as well as sophisticated operating services.

Probably in your late 20's/early 30's, you should be educated to degree level in business studies, economics or a related discipline, and have appropriate banking experience. Fluency in either French or Dutch (in addition to English) is essential – fluency in both highly advantageous. First class analytical and interpersonal skills are essential.

The compensation package and level of responsibilities will be highly attractive and will be negotiated according to qualifications and experience.

Please write with full details to Christiane Verachtert, Continental Bank, sa/nv, Rue de la Loi 227, Wetstraat 1040 Brussels.

CONTINENTAL BANK

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Junior Partners

of exceptional competence and drive, demonstrating:

- **a successful track record with a leading management consulting firm and preferably some corporate experience,**
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If you meet our requirements, you will join our firm at a time of rapid expansion, you will become a full partner quickly and will have the opportunity to develop one of our new offices in Europe. You will be given full responsibility for developing our client base and reputation, in a unique environment of creativity and constant search for quality and new frontiers.

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Please write to Bruno Montmerle, Senior Partner, at 29 rue du Faubourg Saint Honoré, 75008 Paris. He will treat your application with the greatest care and confidentiality.

CAPITAL MARKETS

Zurich

Our client is a leading Japanese Finance Company currently expanding its capital-market operations in Zurich and seeks to fill the following positions:

VP, Institutional Salesman

Applicants, who must have a good knowledge of the Japanese equity markets, should have a minimum of 5–7 years' relevant experience and currently hold a similar position within a major international securities firm. They should be creative, self-motivated, performance orientated and enjoy working as part of a small team.

Senior Bond Dealer

Applicants should have previous dealing experience in Japanese fixed-interest securities, including convertibles and warrants. Aged between 26 and 32, the successful candidate will have at least 3–5 years' relevant experience, together with the ability to head a team and substitute for the Chief Dealer in his absence.

Both positions offer excellent chances for advancement either in Europe or the Far East, and highly competitive remuneration packages are available, commensurate with age and experience. Knowledge of Japanese preferred.

In the first instance, please telephone or send a full CV in strict confidence to: Ms. Laila Rafique, Associate Director, **Jonathan Wren International Ltd.,** 170 Bishopsgate, London EC2M 4LX, tel: 01-623 1266, telex: 8954673 WRENCO.

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SWITZERLAND

SENIOR ANALYST INTERNAL CONTROLS

The PHILIP MORRIS Regional Headquarters based in Lausanne, Switzerland, covering the cigarette business for EFTA, EASTERN EUROPE, THE MIDDLE EAST & AFRICA has an opening in its Finance Department for a Senior Analyst Internal Controls.

This position is responsible, at Regional level for the provision of accounting and controls expertise particularly in EDP systems development, the elaboration, implementation and maintenance of procedures and the control of finance and administration activities in the field offices throughout the Region.

The successful candidate will be a Chartered Accountant, aged between 27 and 35, with several years of related experience. English will be your working language, and ideally you should have a good knowledge of French. You should be prepared to travel up to 20 % of the time.

If you are attracted by long-term career prospects in a dynamic and successful organisation which offers competitive salary and benefits, you should write in confidence enclosing a curriculum vitae to Dominique Herrmann, Personnel Department.

PHILIP MORRIS EUROPE S.A.
EFTA, EASTERN EUROPE, THE MIDDLE EAST & AFRICA REGION
Place Chauderon 4, 1003 Lausanne, Switzerland.

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A large, profitable and growing bank with offices in 70 countries proposes to establish Asset Management Service Centres (AMSCs) in London and in major centres in Africa, Asia and the Americas. The AMSCs will represent the bank's mid-80s thrust, under the aegis of their well-established International Development function. The bank's focus is primarily on short term trade finance.

The AMSCs will engage in market research as also sales calls jointly with bank branches in the Group. More importantly, the AMSCs will carry out comprehensive (including credit and cross-border risk) analysis of selected customers/prospects' financial, market and strategic position. They will also assist branches to prepare suitable credit proposal packages with appropriate security and legal documentation. They may have opportunities for new product design/development. In these ways, the AMSCs will assist bank branches to acquire high quality new assets, to manage existing assets, and to develop the analytical and managerial skills of line managers.

To staff these AMSCs, the bank would like to recruit a number of persons at different salary and responsibility levels. The eligible candidates will be not more than forty-five years old, will have a good academic career and around 10 years' work experience (including a minimum of 3 years in all aspects of international commercial banking). Fluency in English, proven communication skills, a flexible mind, an open and cosmopolitan outlook and capacity for arduous work are essentials. Command of other major languages (especially Spanish/French/Arabic/Mandarin) is desirable. Candidates should have an intense desire to excel not only as bankers but also as human beings. After two/three years of assignment in AMSCs, the new entrants should expect growth opportunities through assignments in other units in the bank.

The compensation package will be fully competitive.

If you are interested please write, quoting the name of this publication, with a full CV including age and other personal particulars with telephone number and two passport size recent photographs to Fiona Fellows, Foster Turner & Benson, Chancery House, Chancery Lane, London WC2A 1QU, England.

FT+B
Foster Turner & Benson

LECTURER IN BANKING

The STUDY CENTER GERZENSEE, founded and sponsored by the Swiss National Bank, is a centre for central bankers from developing countries, Swiss managers and post-graduate students.

The study centre wishes to appoint a lecturer on its permanent staff to develop its programme in the field of banking and business economics. The assignment covers lecturing, organisation of courses and seminars, preparing course papers and supervision.

Besides a university degree, experience in banking and teaching, adaptability to various mentalities and working knowledge of German are required. Knowledge of French and some experience with computers would be an asset. The candidate should be able to work in a small inter-disciplinary team and be willing to adapt to some irregular working time.

The study centre offers international contacts, attractive salary and fringe benefits.

Please send a detailed curriculum vitae and copies of academic records to:

Dr. W. Anderegg, c/o Swiss National Bank
P.O. Box 4388, CH-8022, Zürich, Switzerland

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(Ref A)
URBAN ECONOMIST
(Ref B)
URBAN SOCIOLOGIST
(Ref C)
FINANCIAL ANALYST
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Senior professionals required to join an international team working on a prestigious planning study in the Middle East. Professionals would work in multi-disciplinary teams preparing a regional framework and metropolitan region and capital city development plans.

Excellent salaries are offered with free furnished accommodation on initial one year assignments. Persons with 10 years overseas experience particularly in the Middle East, will be given preference.

Please send C.V. with personal details and stating the post reference to:

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Dower House, 8 Tonbridge Road, Pembury, Tunbridge Wells, Kent TN2 4QL

Interviews will be held in London in early July

Accountancy Appointments

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Supported by a department of some 40 staff, the job holder will report to the Group Financial Director and will be charged with ensuring that the function makes a positive contribution to business efficiency and profitability. The focus is therefore much more on operational review than on acting as a "chief inspector".

The successful candidate is likely to be aged between 35 and 45 with a significant track record in internal audit within a major international company. The stature and maturity necessary to represent the function to senior management will be essential and a facility in French and/or Spanish would be a positive advantage. Experience with sophisticated computerised systems will be a prerequisite.

The company's determination that this appointment should be made at a senior level will be reflected in the remuneration package. In addition, with the anticipated significant growth of this major public company, career development opportunities could well emerge for the successful candidate.

To apply, please write with a full CV to Gavin Adam, Executive Selection Division, Price Waterhouse, Southwark Towers, 32 London Bridge, London SE1 9SY. Please quote reference MCS/4018.

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For consultant positions, successful candidates will be qualified accountants aged 28 to 35, with an honours degree, who can demonstrate proven achievement in industry or commerce. Experience must include responsibility for systems development as well as line management in the finance function. Personal qualities will include the ability to communicate clearly both orally and in writing.

For analyst positions we are interested in hearing from less experienced people over 26 who otherwise meet the profile indicated above.

We offer outstanding opportunities to broaden your experience in a wide variety of industries and to work with stimulating colleagues from a number of disciplines. There are excellent opportunities for promotion within Peat Marwick for those who wish to pursue a career in consultancy. Of particular interest to us at the moment are people with experience of manufacturing, retail, distribution and oil industries.

If you are interested in joining our Reading or London offices and working with us in the UK or overseas, please write in confidence, enclosing a brief summary of your qualifications and experience, and quoting reference A/Jun5, to Mike Coney at Peat, Marwick, Mitchell & Co., 1 Puddle Dock, Blackfriars, London EC4V 3PD.

PEAT MARWICK

FINANCIAL DIRECTOR

required to take charge of the Accounts Department of a busy commercial organisation situated in London NW1.

Applicants must be trained to a high standard of accountancy and have a successful track record in Management.

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Write Box A9033
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Finance Director

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This is a high-profile appointment, requiring the qualities of action rather than delegation.

Candidates should be qualified accountants, aged 30+, who have a track record of continued success in manufacturing environments, together with a high degree of self-motivation, commercial awareness and communicative ability.

Relocation facilities are available where appropriate and interested applicants should write to **Barry Ollier, BA, ACA, quoting reference 7015, at Michael Page Partnership, 13/14 Park Place, Leeds LS1 2SJ. Tel: 0532 450212.**

Michael Page Partnership
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to invest in British enterprise

HANDS OFF and **EYES ON**...could be the way to describe our approach. We invest in growing companies and take the long-term view about loans and share capital to back sound ventures. We leave management to run their own business but keep an eye on our investments.

You are a Chartered Accountant, currently contributing to commercial decisions either in the profession or in business. You are aged 25-30 with confidence in your ability to assess risks—and to back that judgement. You have the tenacity to conduct sometimes difficult negotiations, yet still securing the commitment of the businessman through your drive, personality and professionalism.

You could be an Investment Controller with 3i. You would be supporting new companies or backing a management buy-out or negotiating funding for expansion in substantial companies.

3i is a market leader in the provision of loan and equity finance to British industry and commerce. The Controller has a crucial role in searching out businesses which need funds to grow. Consequently, he or she is vital to 3i's success.

We are now looking for Controllers to be based in our area offices which are located in London and 18 other towns and cities throughout the United Kingdom, and the Channel Islands.

Salaries start c.£15,000, depending on experience. The other substantial benefits include a company car, concessionary mortgage and non-contributory pension scheme and the job itself offers real reward and personal satisfaction.

If you believe you possess the qualities we have listed here and want a role that requires decisions rather than the manipulation of numbers, please send a current CV, stating your preferred location to Kathleen Rawle, Personnel Manager, Investors in Industry plc, 91 Waterloo Road, London SE1 8XP. Tel: 01-928 7822.

3i
INVESTORS IN INDUSTRY

THE CREATIVE USE OF MONEY

Finance Director

(Designate)

Humberside — **c.£25,000+Car**

Our client is a highly successful, privately-owned company, engaged in the manufacture and marketing of high quality consumer durable products for the leisure industry.

The company's outstanding growth and market penetration within this extremely competitive sector has created the requirement for a commercially-orientated Chartered/Certified Accountant to play a major role in the continued, profitable development of the business. In addition to the normal financial responsibilities, the successful applicant will be expected to input significantly to strategic business planning and the overall commercial management of the company.

Candidates, aged 35+, should be able to demonstrate a successful track record of experience in a marketing-orientated environment, coupled with the entrepreneurial flair and breadth of vision required to make an impact at Board level in a highly successful and dynamic environment.

Relocation facilities are available where appropriate. Interested applicants should write to **Barry Ollier, BA, ACA, quoting reference 7016, at Michael Page Partnership, 13/14 Park Place, Leeds LS1 2SJ. Tel: 0532-450212.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Birmingham Manchester Leeds Glasgow Brussels NewYork Sydney

ACCOUNTANCY APPOINTMENTS
APPEAR EVERY THURSDAY
Rate £37.00 per single column centimetre plus VAT

Management Accountant

South East — **c.£16,000**

Our client is a subsidiary of a major U.S. corporation working at the forefront of the semi conductor process equipment industry. They now wish to recruit a recently qualified A.C.M.A. who can demonstrate a track record of achievement and success in manufacturing industry.

You will establish a high quality management accounting system to generate the information that will be crucial in supporting the Company in its achievements of financial results consistent with its technical excellence.

Ideal candidates aged 23-28, should have experience in product and standard costing, good communication skills and be totally committed to developing their career in a demanding and rapidly expanding business.

In addition to salary indicated our client will provide BUPA, pension and life assurance, and relocation assistance where necessary.

Please reply in complete confidence enclosing a full CV, naming on a separate sheet of paper the concerns to whom your application should not be forwarded, to:
(Ref: 18/FT) Gordon F. Vivian, Recruitment Advertising Director,

T. Richard Johnson Ltd.
Mam House, 24/25 New Bond Street, London W1Y 9HD.

Finance Director

West of London to £30,000 plus car

This profitable electronics company is a relatively autonomous subsidiary of one of the largest and most successful British Groups. It has grown steadily since its establishment more than 20 years ago but enjoyed rapid development to an annual turnover level of £60 million in recent years. Further expansion is assured and the current opportunity has arisen as part of the increasing professionalism and dynamism necessary to coordinate and capitalise on its growth. We therefore seek a positive mature and numerate qualified accountant with previous managerial experience; familiar with manufacturing, distribution and International marketing operations and with the ability to assume full responsibility for the management of the finance function. Preferred age range is between 35 and 48 and additional benefits including full relocation assistance, if required, enhance the attractive remuneration.

Applications are welcomed from men and women.

Please submit full career and personal details to John Overton FCA, Overton Management Selection, Monaco House, Bristol Street, Birmingham B5 7AS, or telephone 021-622 3838 for an application form quoting reference 9/1167/FT.

OVERTON
MANAGEMENT SELECTION

ACCOUNTANTS FOR MANAGEMENT CONSULTANCY

LONDON — **UP TO £26,000**

If you're a qualified accountant, aged up to 38, with drive, ambition, intelligence, initiative and several years' commercial or industrial experience, we'd like you to consider being one of our management consultants.

You would be based in London and we'd pay you up to £26,000 plus a car. Perhaps more important, we'll give you an outstanding opportunity to broaden your experience: with our training and the support you will get from more experienced colleagues you'll be surprised at the variety of work you can tackle.

We'll also give you an exceptional chance to progress further up the ladder. We believe we stand apart from most large firms in the openness of our structure and the speed with which we reward merit. The road to a partnership could be a lot shorter than you think.

However, before we tell you more, we'd like to know why you think you're special. So please write to Michael Hutton at the address below, including details of your career to date and your salary history, quoting reference 2290.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR
Telephone: 01-353 8011

FINANCIAL ACCOUNTANT circ. £17,000

International trading group with principal subsidiary operation based in London seek young Chartered Accountant to head their accounting function.

Main responsibilities include financial management, systems review and the development of new accounting systems. Overseas travel will also play an important role.

For further details, phone or write, quoting Ref AT/289, to:

THE PERSONAL SERVICE
ACCOUNTANCY ASSOCIATES LIMITED
incorporating Accountancy Recruitment
5 VIGO STREET LONDON W1X 1AH TELEPHONE 01 439 3387 TELEX 27780

Accountancy Appointments

INSURANCE ACCOUNTANT

Required by Lloyd's Insurance Brokers based in the City within the Marine Department. Responsibilities include credit control/account reconciliation with involvement in management reporting and funds management. Applicants must have had previous experience with Lloyd's Brokers and computerised systems would be an advantage.

Please write for further details enclosing CV to:

Mrs. P. M. Hogsden
Harris & Dixon
(Insurance Brokers) Ltd.
21 New Street, Bishopsgate
London EC2M 4HH

FINANCIAL DIRECTOR

Central London £25,000+Car

THE COMPANY has international interests in the production and marketing of food as well as in shipping, insurance and other industries.

THE JOB, which lies within the processed food products division (annual t/o c£100m), is to develop all financial and accounting controls within the self-accounting units of the Division and to contribute to an improved sensitivity to market needs and the identification of market opportunities.

YOU, a qualified accountant (35-40), are currently holding a senior position within a major manufacturing group. You possess in-depth process costing knowledge.

The remuneration includes a fully-expensed two litre car. Generous relocation assistance can be provided.

Write or telephone, in confidence, Nicolas Mabin, Regional Manager, quoting reference: LG1342.

Management Personnel
Recruitment Selection & Search
2 Swallow Place, London W1R 7AA.
Telephone: 01-408 1694 (out of hours 01-408 2783)

Accounting Controls and Systems

London Based — Cable and Wireless — *to £27,500+car*

Cable and Wireless is, in terms of market capitalisation, in the top twelve companies in the United Kingdom. Its profits and share price have multiplied almost five times in the three years since privatisation. Its growth in the recent past, and its potential for the future, demand some strengthening of its finance and accounting resources.

This task is to develop and implement improved information for managing and relevant accounting controls and systems.

Candidates should be qualified accountants with a flair for managing which enables them to recommend both what information is needed and why. They should have wide-ranging practical experience of both developing and introducing the most cost-effective way of producing the information needed for managing, for accounting and for statutory purposes. Ability to take initiatives, to decide priorities, to plan projects and to be able to convince others of their necessity will be needed. Enthusiasm and self-motivation are essential. There will be opportunities for travel and work overseas.

Please reply to Martin Manning, in strict confidence, with details of age, career and salary progression, education and qualifications, quoting reference 14[illegible]1/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Group Financial Controller
Capital Markets

London ***c£30-35,000 negotiable***

Our client, the fast-growing capital markets subsidiary of a major European bank, now wish to strengthen their financial function through the appointment of a Group Financial Controller. This is part of the strategy for the continuing development of the bank's capital markets activities.

Reporting to the Chief Financial Officer, the successful candidate will assume responsibility for the worldwide financial reporting and control process. Key tasks will be to review and develop the monthly reporting and operational accounting activities and to participate in substantial systems development.

Candidates should be qualified accountants, probably aged between 26 - 40, and will probably be working for a Eurobond house or for a leading accountancy firm. Hands-on experience in the capital markets sector is essential.

This will be a stimulating role for an ambitious financial executive and offers good career prospects both within the UK and internationally. The compensation package will be geared to attract the right candidate.

Candidates should write enclosing a full CV and quoting reference MCS/2011 to Milton Ives,
Executive Selection Division,
Price Waterhouse Associates,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Price Waterhouse
Business Needs Experts.

Finance Director
PUBLIC SCHOOLS GROUP

Yorkshire **Attractive Package**

This new position has been created to introduce commercially based financial disciplines into a group of independent schools. The challenge will appeal to qualified accountants, aged 35—55, committed to the principles of private education.

Reporting to the Governors, the appointee must rapidly develop good relationships with the Heads and Bursars of each school. Systems need to be standardised to ensure that accurate management accounting information is generated to strict timescales. A knowledge of mini and micro computer applications would be most useful. Financial forecasting must also ensure the continuous improvement of the facilities within the schools.

Applicants will have the ability and commitment to make a positive contribution to the overall development of this progressive educational group.

Male and female candidates should send a detailed CV or request an application form on 0625 533364 (24 hours) quoting reference 779/FT.

Wickland Westcott & Partners
LONDON PARIS BRUSSELS DUBLIN
Executive Selection/Management Development
Eagle Star House, 16a Alderley Road, Wilmslow, Cheshire SK9 1QX.
Tel: (0625) 532446.

Finance Director
Volume Precision Components

Home Counties c. £28,000 + car etc

The company is an important and successful subsidiary, part of a well-established group in the electronics manufacturing sector. Turnover is around £20 million. The company operates modern management systems and is highly innovative and growth oriented.

A Finance Director is required to head the total finance function and to contribute directly to the company's further growth by both organic and acquisitional means. As well as having the maturity and skill to direct the financial control function and lead a well qualified finance and DP team the Finance Director will be expected to contribute fully to all aspects of corporate management.

Ideal candidates, 33-42, will be qualified accountants and will be able to demonstrate a record of previous success as the financial controller/director of a substantial business in a similar component manufacturing environment.

Remuneration will consist of basic salary, performance bonus and normal large company benefits.

Please apply in confidence with full career details to Tim Luscombe quoting reference 1526.

Odgers
MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St., London W1X 3TD. 01-499 8811 Telex 895 4989

FINANCIAL CONTROLLER

Central London c.£20,000 + car + bonus

One of the fastest growing groups in the leisure industry seeks a commercially minded accountant capable of contributing positively to a young, extroverted and very successful management team. The group's turnover, which is derived from operations in the UK and Continental Europe, is approaching £10 million.

The Financial Controller will be responsible for all financial accounting, management reporting and company secretarial functions and will be expected to maintain and further develop the group's computerised systems. Occasional overseas travel will be involved and there will be opportunities to assist the directors on such matters as property and funding negotiations and the evaluation and establishment of new business ventures.

Applications are invited from qualified accountants around 30 years of age who have spent several years in a major leisure or retail concern and have direct experience of controlling a multi-outlet cash business.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2288/FT to G.J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

FINANCIAL DIRECTOR

This is an opportunity to join the top executive team of the CHARITIES AID FOUNDATION which provides to the voluntary sector a range of financial services related to contributions by corporate and individual donors. Financial throughput, now over £25m, is growing fast.

A QUALIFIED ACCOUNTANT with senior managerial experience is required. Responsibility as financial director includes the continuing development of financial and computer systems.

Salary negotiable around £18,000.

Preferred age 45/55.

Base, Tonbridge, Kent.

Please send personal details in confidence to:
Geoffrey Elms, CHARITY APPOINTMENTS.
146 Queen Victoria Street, London EC4V 4HN.

Charity Appointments

Chief Accountant
Offshore Engineering

Scotland **c£20K + 2 litre car**

A key company in one of Europe's biggest and most formidable Offshore Fabricating Group now needs to strengthen its financial reporting functions.

Reporting to the Divisional Finance Director the Chief Accountant will assume responsibility for organising and administering the complete financial reporting and information systems. This will include a detailed appraisal of all existing systems, identifying areas for action and improvement, devising more effective systems and procedures and implementing the agreed proposals. In short, managing change in the accounting sector.

Candidates, qualified Accountants with not less than 8 years relevant experience preferably in contracting, construction or heavy engineering will be professionally innovative, display sterling personal qualities and possess a genuine preference for the robust world of offshore fabrication. Preferred age 30-40. Relocation assistance will be available if required.

Please apply in the first place to Paul Sinha (Director), Sinclare Associates, "Speldhurst", Brittains Lane, Sevenoaks, Kent TN13 2NG. ☎ 0732 460203 quoting Ref. No. 5409.

Sinclare Associates
Management and Personnel Consultants
London · Birmingham · Sevenoaks

SENIOR FINANCIAL EXECUTIVES

We are a successful management and bank owned transport and financial services group seeking to realise our unique expansion opportunities by making the following appointments:

CORPORATE FINANCIER

who is an outstanding business developer able to demonstrate a merchant banking record of identifying and evaluating acquisition opportunities, negotiating and liaising with professional advisers.

FINANCIAL CONTROLLER

with proven business acumen, experienced in introducing and maintaining sound computer-based financial and management accounting and administrative systems.

Candidates will be fully qualified accountants, ideally aged 27-35 with broad based financial experience, possessing excellent communication skills complemented by dynamism and self motivation to ensure success within this exciting and rapidly changing environment. London based. Terms need not be a limiting factor.

Applicants should write, enclosing a curriculum vitae, to:

The Finance Director
Tiger Holdings Limited
Alliance House, London SW1H 0QS

Manager-Analysis & Review

CENTRAL LONDON c.£21,000

Our client is the major division of a publicly quoted British Group with a rapidly expanding range of interests in the leisure industry.

Due to promotion, the Finance Director now requires an ambitious, young financial executive to work with him on budgets, new projects, management accounting, critical appraisals and reports for senior management, involving close liaison with financial controllers of the operating companies.

The position will appeal to those with a positive commercial approach gained either in a growth oriented industry or from a broad role in the profession, and now seeking career development in a fast moving business; considerable scope exists for promotion into line management in a subsidiary.

He/She will be a qualified accountant in their late 20s, preferably degree/ACA, with a strong technical background and the interpersonal skills to make an effective contribution to senior management.

The remuneration package will include the provision of a car and good benefits including removal expenses if necessary.

Please reply in complete confidence, enclosing full career details, to Mike Hann, Bull Thompson and Associates Limited, Alliance House, 63 St. Martin's Lane, London WC2N 4JX, quoting reference 1015.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Accounting and Administration Manager

East London, to £17,000

Our client is a leading American multi-national with extensive interests in the food industry. The position carries full responsibility for the accounting and administration function on a busy production site. The company is about to embark on a heavy capital investment programme and also introduce sophisticated manufacturing control systems. Key responsibilities will be the evaluation and enhancement of the standard costing systems and the effective management and motivation of staff during a period of substantial change. Candidates, ideally in their early 30's, must be qualified and have previous management experience within the finance department in an fmcg or process industry. Career prospects within the group are excellent.

E. Sutton, *Ref: 17284/FT.* Male or female candidates should telephone in confidence for a Personal History Form **01-734 6852**, *6th Floor, Sutherland House, 5/6 Argyll Street*, **LONDON**, *W1V 1AD.*

Accountancy Appointments

Company Accountant

International capital markets

A rapidly expanding subsidiary of a well-established international bank, our client has a strong presence in the international bond and securities markets and offers a variety of other merchant banking services.

As a result of its recent development and commitment to further growth, the company wishes to recruit a young accountant to be responsible for maintaining and enhancing strict financial controls. In addition to the day to day running of the accounts function, the role involves monitoring the company's cash resources, the development of management information systems and a variety of ad hoc projects. Future prospects *need not necessarily be limited to the accounts function.*

Candidates should be in their late 20's, with about two years' post-qualification experience in the finance sector or with a large firm of accountants. They should be creative in their approach, commercially orientated and able to communicate accounting concepts to non-accountants.

Remuneration: c £18,000 plus car, subsidised mortgage and other banking benefits.

Please write in confidence to Jane Woodward (Ref 5001).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Financial accounting manager

West of London, c£17,000 + fully expensed car

C&L

This major manufacturing subsidiary of a multinational is investing substantially in future growth. As a consequence the FD needs an able qualified accountant to strengthen the financial team.

With an overall brief to improve financial systems and controls, you will manage the power house of the accounting function – a department of 25 and computerised systems currently being upgraded. Whilst ensuring that records are maintained accurately and monthly and annual accounts produced on time, you will be keenly involved in the implementation of all the new financial packages.

If you are aged 30 plus with experience in an industrial or commercial organisation and strong man management skills, please write enclosing a curriculum vitae and daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. B241.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Fleetway House, 25 Farringdon Street
London EC4A 4AQ

GROUP FINANCIAL CONTROLLER

Scope, challenge, and opportunities abound in this new appointment. It is with a British group poised for sustained growth – 30% per year to the end of the decade – with eight profit centres including subsidiaries in U.S.A., Germany and Japan. Its manufactured products serve the 'high tech' markets in the industrial advanced countries world-wide.

The challenge is to take total management responsibility for the financial control function. The key task is the establishment and development of the management accounting capability based on computerised management information and control systems. Responsibility is to the Group Finance Director.

A qualified accountant is required with a record of sustained career success based on relevant industrial experience in process manufacturing (*continuous and* batch) companies in which tempo is fast and performance standards stringent.

Age: early 30's. Salary indicator is £20,000 with car provided. Location: North East.

Letters from suitably qualified men or women should include a detailed curriculum vitae including salary progression to date which will be handled in confidence by Dr A G Roach.

ROACH

A G ROACH & PARTNERS,
MANAGEMENT CONSULTANTS,
433, EDGWARE ROAD, LONDON W2 1TH

LIFE & PENSIONS ACCOUNTANT

Figure in our future

To c £18,000 package **Rural Hampshire**

TSB Trust Company is a major contender in the Life Assurance, General Insurance, Pensions and *Unit* Trust fields. Operating mainly on behalf of TSB's 6 million bank customers, the funds under management now stand at some £1 billion.
The Company is currently enjoying substantial growth and has exciting plans for development. This expansion has created the following career opportunity for a high-calibre Accountant at our Head Office in Andover.
Duties will include statutory accounts and returns, management accounts, budgets, plans and forecasts. Development of the reporting systems to reflect the Company's growth will be required, as will the provision of financial and other information as well as 'ad hoc' analysis work to the Board and other line managers.
The role will also involve representing the department on projects *relating* to the development of new products and systems. Life insurance experience would be an advantage, although not essential.
In return we offer excellent career prospects and a package which includes generous mortgage subsidy, non-contributory pension, profit share scheme, Christmas bonus and relocation assistance where appropriate.

To apply, please *telephone* or write for an application form to:
Bill Brewer, Assistant Manager – Personnel, Personnel Department,
TSB Trust Company Limited,
Keens House, Andover,
Hants. SP10 1PG.
Telephone: Andover (0264) 58740.

TSB TRUST COMPANY

FINANCIAL DIRECTOR DESIGNATE

THE EUROLINK GROUP IS LARGELY CONCERNED WITH THE PROVISION OF CONSULTANTS FOR NATIONALLY AND INTERNATIONALLY KNOWN COMPANIES. IT HAS A CURRENT ON TARGET TURNOVER OF £11 MILLION FOR 1985/86 AND IS SET TO DOUBLE THIS WITHIN THE NEXT TWO YEARS.

A FINANCIAL DIRECTOR DESIGNATE IS REQUIRED TO GUIDE THE GROUP'S PERFORMANCE – LEADING TO PLC STATUS IN 1987.

AS WELL AS BEING ABLE TO CONTROL THE FINANCIAL ACCOUNTING DEPARTMENT, THE SUCCESSFUL CANDIDATE WILL BE A PROFESSIONALLY QUALIFIED ACCOUNTANT WITH PROVEN EXPERIENCE RELATING INTER ALIA TO MANAGEMENT ACCOUNTING, FINANCIAL PLANNING, CORPORATE TAXATION AND DEALING WITH INTERNATIONAL CURRENCY MATTERS.

THE COMPANY OFFERS A SALARY OF CIRCA £20K, PLUS NORMAL FRINGE BENEFITS; IT BELIEVES THE POSITION REPRESENTS AN OUTSTANDING OPPORTUNITY AND APPLICATIONS FOR THE POST SHOULD BE MADE IN WRITING TO:

*MR A G ANTONIADES, THE CHAIRMAN,
EUROLINK GROUP LIMITED,
EQUITY AND LAW HOUSE,
102 QUEENS ROAD, BRIGHTON, EAST SUSSEX,
BN1 3YF.
REF: FD/20,*

EUROLINK
GROUP LIMITED

Offices: Brighton • London •

Overseas Financial Controller

£18,000 neg

A major British service industry group has a record of profitable growth combined with a reputation for ethical dealings. Continuing expansion overseas has dictated the need for strong financial controls in subsidiary and associated companies.

Reporting to the Financial Director, International, you will supervise the overall efficiency of local accounting functions, ensure that accurate and timely management accounts are produced and consolidated. You will also monitor individual *procedures and systems* to ensure conformity with national laws and tax practices. Based in Central London, up to 35% travel is involved mainly 2/3 days at a time to Europe but occasionally with longer visits to the Far East, Middle East and Africa.

In your late 20's/early 30's, an ACCA/ACMA or ACA with at least two years post qualifying experience in commerce, you will need to have the flexibility of approach and the strength of personality to communicate effectively with local management. A knowledge of French would be an asset in this challenging non audit post.

Please apply to I.M.G. O'Hare, 160 New Bond Street, London W1Y 0HR or telephone 01-629 4226.

MANN
MANAGEMENT

The Oxford Instruments Group is one of the most successful advanced technology companies. Its Medical Division specialises in the design, production and world-wide sale of sophisticated patient monitoring equipment.

The continued rapid expansion of our European sales organisation based in Wiesbaden, has led to the creation of a new position.

ADMINISTRATIVE MANAGER Europe

The primary responsibilities will be for the financial, accounting, treasury and administration functions of the European sales subsidiary based in Germany and its regional sales entities in other European countries. An immediate task will be the implementation of a mini-based computer system recently acquired.

The successful candidate will be a qualified Accountant with at least three years' post-qualification experience in an industrial/commercial environment. Specific 'hands-on' experience of computer systems' implementation is essential, together with fluency in German and English. A good command of French would be an advantage.

An attractive salary + benefits package will be offered, as will relocation assistance if necessary.

Interviews will be held on 25 June in Oxford and 27/28 June in Wiesbaden.

Please apply in writing with Curriculum Vitae as soon as possible, to Penny Collins, Personnel Officer,

Oxford Medical Systems Limited
1, Kimber Road, Abingdon, Oxfordshire. Tel: (0235) 33433

A member of The Oxford Instruments Group plc.

OXFORD

Assistant Financial Controller

S. London **c£18,500 + Car**

Renowned worldwide for its quality engineering, our client forms the UK Headquarters of a leading US Group. Following reorganisation, they now require a young Accountant with particular experience in Financial and ideally Contract Accounting.

Reporting to the Financial Controller, you will be responsible for the management of a team preparing monthly and annual financial reports to tight deadlines. You will be specifically responsible for the running and control of the integrated computerised systems which must meet the demands of operational and Financial Management.

You will also advise the Controller on the implications of changing statutory and corporate reporting requirements and their implementation.

Aged 27/35, and a qualified, probably graduate, Accountant, you must have previously managed staff, and have had at least three years *industrial accounting* and reporting experience, possibly gained in a US multi-national environment. More important still are the key personality skills you have developed; maturity and ambition, matched by a keen desire for total involvement in this fast moving business.

To apply, please telephone or write to Rebecca Goddard quoting Ref: RG 9620.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-408 1670.

Hoggett Bowers

Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Qualified Accountant for Corporate Treasury Role

North West, c £20,000, Car

Our client is a successful international public Group with substantial resources. The Group's funds are controlled from the UK by a financial services division which contributes significantly to profitability. This new appointment will provide the division with a specialist whose task will be to monitor all cash movements throughout the Group and maximise the benefits of the various currency holdings. It will necessitate close involvement with companies world-wide, evaluating their cash projections and presenting weekly, monthly and annual summaries and commentary. This is a classical treasury role working within a small professional team and one providing real business exposure. Applicants will be qualified accountants aged 28–35, currently working within a Treasury Department of a major commercial/industrial organisation. Fringe benefits are excellent including relocation expenses where appropriate. Career opportunities are particularly good.

Male or female candidates should submit a comprehensive CV quoting ref: *27386/FT* to *R.D. Howgate, St. John's Court, 78 Gartside Street,* MANCHESTER, *M3 3EL,* 061 832 3500.

Corporate Auditors

Knightsbridge

TEXACO

Texaco, *one of the world's leading* international oil companies, currently seeks two qualified Accountants to work within the Corporate Audit Department at our U.K. Headquarters. You will be based at Knightsbridge but there will be some U.K. travel.

Reporting to the Department *Manager, you will be* responsible for preparing preliminary surveys and audit programmes, reviewing and analysing internal operating functions and systems, evaluating test results and progressing audit exceptions.

As you will work in close association with *members of* management, you must be able to express yourself clearly and present your ideas well. You should have 1-3 years' experience working on internal audit or auditing the accounts of major clients for a large firm of accountants.

Salary will be commensurate with age and experience. If you are interested in these positions, please write, giving full career details, to:

Ms. A. Ellison, Personnel Officer, Recruitment,
Texaco Limited, 1 Knightsbridge Green,
London SW1 7QJ.

Accountancy Appointments

Finance Director

from £25,000 + car **Surrey**

Our client, a private property development and investment company wishes to appoint a Finance Director. This is a new position and reflects the company's confidence in sustained growth.

The main activities of the post will involve the funding and financing of development projects, investigations into acquisitions including possibilities for further growth and control of the accounting function. The job holder will have an opportunity to make a significant contribution to the management of the company working closely with the Managing Director.

Candidates should be qualified accountants aged 35-45 who have a good understanding of commercial realities, preferably with some experience in the property field. They should be independent, self-motivated and prepared to invest time in developing further the company's accounting systems in line with the requirements of this expanding business.

Other benefits include car, bonus, pension and life assurance arrangements and health insurance. The working environment is excellent.

Please write, stating how you meet our client's requirements quoting ref 1416 to

BinderHamlyn
MANAGEMENT CONSULTANTS

Anne Knell,
Binder Hamlyn Management Consultants,
Executive Selection Division,
8 St. Bride Street,
London EC4A 4DA.

Financial Manager

– leading to Senior Management

Age 24-28

Circa £17,000 + benefits + use of car

Our client, a well respected international industrial Group, has established a unique limited entry scheme designed to generate its financial and general management of the future. For a period of two years the successful candidate(s) will gain direct experience of corporate finance and treasury affairs along with the practical aspects of financial control encountered in manufacturing and service industries. Ideal candidate(s) will have a good degree followed by professional accountancy qualifications and/or MBA.

Administrative headquarters of the Group are in Worcestershire but the substantive appointment(s) could be located in one of a number of urban centres in the U.K., North America or Europe. Weight will attach to individual preference of both activity and locality.

Please apply to Anthony Jones, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

Career plan LIMITED
Personnel Consultants

Joint Venture Auditor

Oil Industry

DEMINEX UK OIL AND GAS LTD is the British subsidiary of a German exploration and production group with a substantial growth record in the oil industry and active participation in the North Sea.

Due to internal re-organisation we now wish to recruit a Joint Venture Auditor who will directly assist and report to the Senior Joint Venture Auditor. You will be expected to ensure that the audit rights for all our projects are exercised and that the annual audit programme (10 in 1985) is comprehensive and effective. You will assist in defining audit scopes and carrying out audits after which your report will identify and deal with any items of exception.

You should be aged 25-35 with a professional accounting qualification, have a general knowledge of oilfield practice, and be free to travel frequently throughout the UK.

In return we offer an excellent salary with impressive benefits package including free commuting.

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Please write in the first instance submitting a concise curriculum vitae and quoting the appropriate reference number to:

Peter Childs,
Pannell Kerr Forster Associates,
New Garden House,
78 Hatton Garden,
London EC1N 8JA

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MANAGEMENT CONSULTANTS

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(designate)

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Telephone 01-583 0073

PORT FINANCIAL CONTROLLERS

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Reporting to the Financial Controller at the London Head Office, the Port Financial Controllers will be responsible for the complete financial control of local operations, for day to day accounting matters and the implementation of new computer systems. They will also be expected to make a major contribution towards meeting the new *management reporting requirements arising from the new decentralised organisation.*

Candidates should be practical accountants with good post-qualification experience in industry or commerce.

Please send comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2289/FT to W.L. Tait, Executive Selection Division.

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Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

Group Chief Accountant

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The candidate will be:

- An outstanding qualified accountant
- A mature, experienced leader
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Applications in writing giving career and salary details to G.A. Wright, Group Finance Director, George Wimpey plc, Hammersmith Grove, London W6 7EN.

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Contact Patrick Donnelly on 01-222 5169 quoting ref: FT/72.

tfi **The Finance Index**
Financial Recruitment Consultants
11 Palmer Street London SW1H 0AB Tel: 01-222 5169

Group Chief Accountant

Cambs. — **Salary negotiable**

Our client, the Whitworth's Food Group, is a market leader concerned with the packaging and distribution of fresh food. It has a proven track record of achievement and following its recent flotation has *increased its vigorous growth pattern.*

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Suitable candidates will be qualified Accountants in their late 20's or 30's with relevant experience in a profit oriented commercial environment. Knowledge of company taxation would be an added advantage. *Essentially they should have the potential to benefit from the opportunities available for* increased responsibility and personal growth. Starting salary will reflect the importance of this role as well as the skills and experience of the appointed candidate. A company car will be provided.

Candidates should send a detailed C.V., in confidence, to Anne Campbell (reference 63), Spicer and Pegler Associates, Executive Selection, St. Mary Axe, London EC3A 8BJ.

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Management Services

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Please ring or write for an application form to:

John D Tyler (Ref 1346/1)
Pannell Kerr Forster
Horsefair House
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PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS

OVERSEAS NEWS

Anthony Robinson on the limited room for manoeuvre for car manufacturers in a small market

South African cars in a tight corner

PORT ELIZABETH was once the Detroit of southern Africa, the economic hub of a thriving Eastern Cape Province where the car plants and component makers supplied 60 per cent of the South African car market and exported to the Portuguese and British colonies to the north.

That was in the 1950s: today the Ford, General Motors and Volkswagen plants run at little more than half capacity, the harbour is half empty, unemployment and unrest are rife in the surrounding black townships, and Port Elizabeth has become the "ghost on the coast."

In part, the region's problems stem from the nationwide lurch from boom in the first half of 1984 to sharp recession under the impact of a rise in the prime rate to touch 25 per cent, a 50 per cent rise by stages in general sales tax to 12 per cent, and the abolition of business tax concessions, the main impact of which has been felt by the automobile industry.

The South African car market peaked in 1981 at sales of 301,000. This year the industry expects to sell only 210,000—back to the levels of 1976. Only three of the country's 10 manufacturers — Toyota, Mercedes Benz and BMW — expect to make a profit this year.

Yet the problems are more structural than cyclical and nowhere are they more acute than in Port Elizabeth, birthplace of the industry.

More than 20 years ago, the government introduced legislation designed to boost components by insisting on a 66 per cent local content by weight. This reduced the advantages of being close to a major port and shifted the emphasis to proximity to the steelworks on the Reef which produced the steel, the heaviest single ingredient.

But the 1960s also coincided both with the entry of Japanese car companies—or rather the assembly of Japanese cars by local licensees—and industrial decentralisation policies aimed at attracting labour-intensive industries, like car assembly, to the borders of the newly created black homelands.

These factors raised the cost levels of the automobile and truck industry by an estimated 30 per cent and led to a proliferation of manufacturers and models which preclude economies of scale and leave most plants working at about 55 per cent capacity in a depressed market.

Toyota, which through its locally-owned licensee has captured nearly 25 per cent of the car market and become one of South Africa's industrial success stories of recent years, decided to set up in Durban. This gave it both easy access to imported motors, drive shafts and components and a relatively short distance from the Pretoria Witwatersrand Vereeniging (PWV) industrial triangle around Johannesburg, where high income consumers account for more than 60 per cent of the national market.

But most of the other relative newcomers to the South African motor industry — BMW, Alfa Romeo, Nissan, Peugeot and others—decided to base their operations in so-called "decentralisation areas" on the Reef close to the homelands, where they enjoy labour, capital and tax incentives, and proximity both to the major market and to locally produced steel.

The cost penalty attached to distance from the main market and source of domestic raw materials and components is not so important for specialist, high-quality producers like Mercedes and Leyland. But to volume producers like Ford, General Motors and Volkswagen the extra locational costs of Port Elizabeth run at about R 150 (£75) per car—or R 10m per year in the case of General Motors alone.

BMW, with a plant at Rosslyn, is one of the few manufacturers which expects profits this year.

Afflicted by an increasing sense of isolation and intense competition for sales in a small market, with the 10 manufacturers producing an extraordinary proliferation of models, both Ford and General Motors—which started out as importers of fully assembled cars and assemblers of imported kits in the 1920s—have limited their investment in recent years to the tooling up needed to update their models or introduce new product lines.

Both emphatically deny their intention of quitting the South African market. But the writing is on the wall.

Last year Ford entered into negotiations with Amcar, the Anglo-American Industrial Corporation (Amic) subsidiary which, under its former name of Sigma, assembled an odd mixture of Peugeot, Mitsubishi, Mazda and other models at a modern, custom built plant at Silverton, East of Pretoria.

The link was made official last month with the creation of a Ford-Anglo American joint company called Samcar. Ford of Canada, the parent company of the South African Ford operation, has taken a minority 40 per cent stake, but has supplied the bulk of managerial talent, under Mr Spencer Stirling, the managing director.

The aim of the merger is to cut costs by rationalising production. Peugeot, which has seen its share of the market slump from a peak of 6 per cent to about 1 per cent, is being unceremoniously dumped from the Samcar product range while Ford is closing its 1948-vintage Neave assembly plant in Port Elizabeth with the loss of more than 1,500 jobs.

Ford is facing an uphill battle to persuade potential customers that it will remain a fixture in the South African motor industry. The Struandale plant, after working a reduced week for several months, shut completely for five weeks at the end of May because of falling demand.

Nearby, General Motors is pinning its hopes on a recent R40m investment in new equipment to build the revamped Kadett small car in addition to its existing range of German-designed Opels.

The same is true, though for different reasons, at Volkswagen in nearby Uitenhage. This industrial town 25 miles from Port Elizabeth became the centre of world attention three months ago when police shot and killed 19 black marchers on the anniversary of the Sharpeville massacre of March 1960.

Volkswagen has just completed a R210m three-year investment programme both in new plant and new equipment, which has left it with what is probably the most modern car plant in South Africa and the only fully integrated facility. It operates the full cycle from the initial pressing shops, through a completely modernised assembly operation for the new Golf and Jetta ranges to a new R35m automated paint shop, warehouse and product engineering facilities.

The Golf/Jetta line is one of few assembly lines in the industry working a five-day week (although the Audi line is working short time). VW's share of the depressed market is about 15 per cent—up from 9 per cent before the new models came on line.

At this stage VW, with high depreciation charges on its new investment, is also losing money. But it argues that, in recession, cash flow is more important than profit, while a rising market share is a good sign for its long-term future in a market which eventually, it believes, will be reduced to three major producers—Toyota, Mercedes Benz and Volkswagen itself—with a few specialist companies like BMW.

It is a view of the future which will bring little comfort to the likes of Ford-Samcar, General Motors and the others struggling to survive on low volumes, highly diversified product lines, and high costs.

But this analysis does not take into account the financial muscle and deep pockets of Anglo American Corporation behind Samcar nor that of the Afrikaner insurance and finance group Sanlam which recently took over the Nissan franchise. Both seem prepared for the long haul and there are those, like GM's Mr Lou Wilking, who fear that the two major South African groups will further distort the market by applying subtle pressures on their subsidiary companies to buy the products of their respective car subsidiaries.

Given high investment, demands on management time, and uncertain returns from the South African operations of most car and truck manufacturers, their persistence in such a difficult market remains something of a mystery.

The reasons most commonly given for remaining are the need to protect existing investments and faith that one day the long-awaited boom in black purchasing power will open up major growth in a world otherwise dominated by mature replacement markets, and the hope that political developments will once again allow South Africa to become the manufacturing centre for the whole of Southern Africa.

In the light of the continuing turmoil in the black townships and the blow to South Africa's standing with its neighbours after the bungled military operation to blow up the Gulf Oil installation in Casinda, both assumptions look increasingly like wishful thinking.

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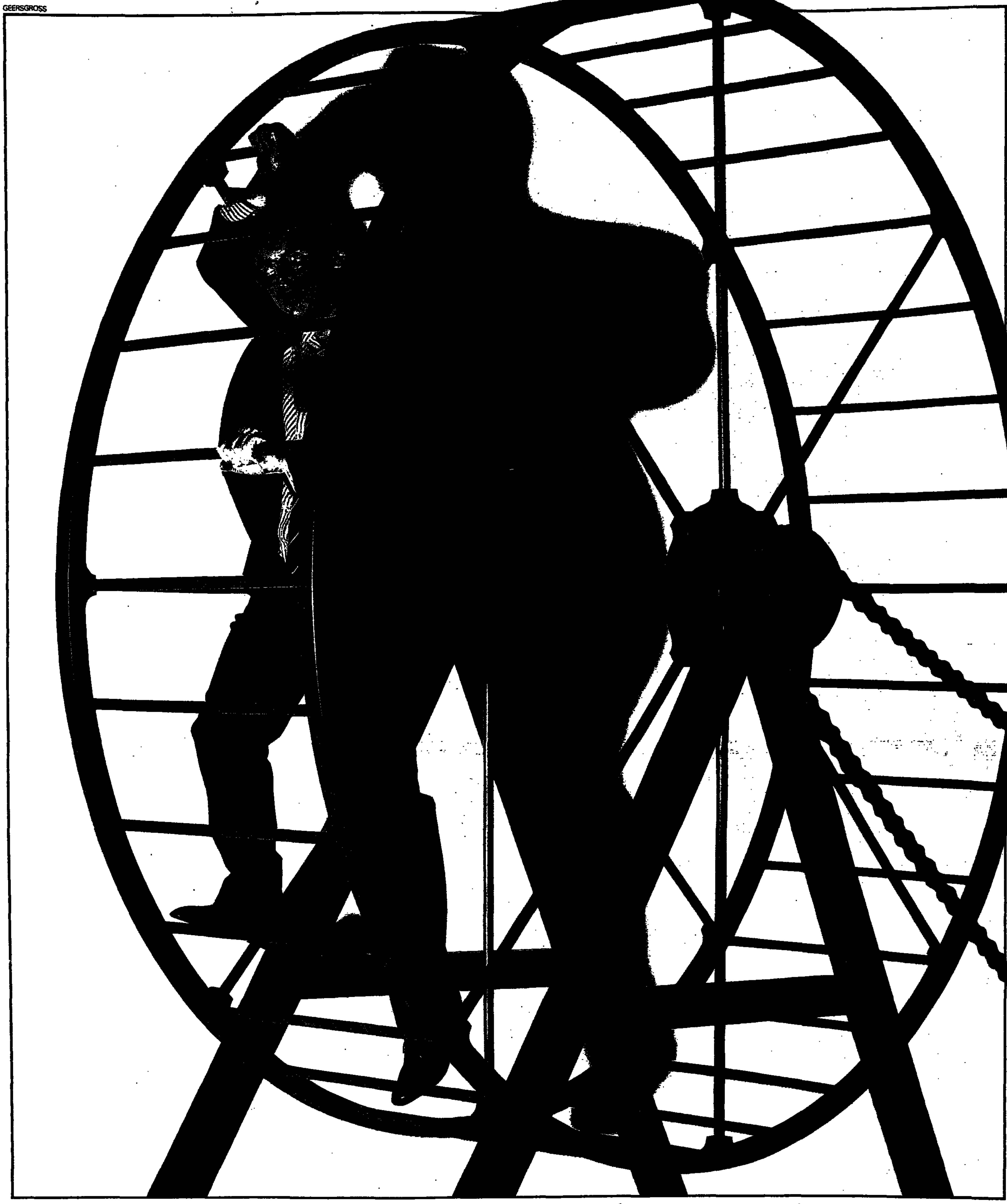

Painting/David Piper

Through the grey, behold a Venetian summer

Summer in southern England threatened to be over in only the first three, though truly flaming, days of June. It was then quenched by remorseless grey rain; but sheltering from that led to the exhilarating experience of discovering that in the top gallery at Agnew's of Bond Street, Venetian summer prevailed with effortless and radiant insouciance.

Venetian Eighteenth Century Painting (Mondays to Fridays, to July 19) is part stock, part loans from public and private collections, and its catalogue is sold in aid of the Venice in Peril Fund. Although we know only too well that Venice is sinking into its shifting waters, the assurance and the sunlit expression of the pleasure of life with which most of the paintings and prints here welcome visitors must encourage them to support her, to believe that all will be well and must remain so.

Yet, the political, social and economic reality of Venice in the 18th century was degenerating to the point, in 1797, where Napoleon was able to pluck her once glorious independence as Queen of the Adriatic with no trouble at all. Nevertheless, the visible surface was still incandescent with beauty; an international centre for the pursuit of pleasure: carnivals, masques, regattas, gambling. The staple of an apparent prosperity was the up-market courtesans of legendary expertise, theatre, opera (seven full-time opera houses), plus magical architecture rooted in the shimmering dream of the lagoon. And by the painters.

The heroic age of Venetian painting—as saluted recently in the noble exhibition at the Royal Academy—was obviously the 16th century; Giorgione, Titian, Tintoretto, Veronese. In the 17th century, Venice did not produce major masters to rank among the giants of the high baroque and, in contrast to the monumental geniuses of the great period, the painters in the 18th century for long appeared lightweight, if not purely frivolous. But then, for a time, so did all rococo art. Decorative, yes; serious, no.

Tiepolo's apotheosis of Admiral Pisani at Agnew's of Bond Street

The earliest painting in Agnew's show (of somewhat mysterious provenance, found by a previous owner "discarded as a piece of lumber" in the premises of the Oxford Union) is Sebastiano Ricci of around 1705; it is a large mythology, Venus and Cupid in Vulcan's Forge, a penumbra teeming with activity and opulent flesh, and is still much in the main Venetian stream that had persisted through the 17th century.

Thence, however, the mood lightens into the characteristic key set by light, skies, aerial space, water and gesture. Mythological scenes (and, indeed, biblical ones) persist, of course, but brought down to earth—perhaps rather down to the stage—while the dominant theme is the celebration of Venetian townscape by her painters. Before that, however, let me glance at one or two rather different subjects. There is an astonishingly *louche* "Penitent Magdalen" by Piazetta, brooding half-naked over a crucifix in a grotto, observed from top left in a shaft of light by two putti. The senior putto, censorious, is clearly expounding to an undesirably fascinated junior colleague the sad plight to which slips from virtue can reduce a sinner.

Then there is above all a brilliant Tiepolo *modello*, a study for a ceiling painting of an apotheosis. A legendary Venetian hero, Admiral Pisani, is being inducted into an empyrean Olympus by a most seductively welcoming Venus. They ride their cloud with bewitching elegance. This little painting is a miracle of broken colour and consummate fluent draughtsmanship, and conveys illimitable aerial space in a matter of inches.

The local scene painters include Marieschi, Canaletto, Bellotto (Canaletto's nephew), and Francesco Guardi. All of these, of course, purveyed to the tourist trade—higher quality souvenirs for the tripper have never been produced—and the British Grand Tourists, especially, took advantage (though few perhaps as comprehensively as the Russell family whose loot from Canaletto can still be seen in the dining room of Woburn).

Several of the most talented, though, found that Venice was not always able to sustain them. If trade fell off or local patronage did not suffice, they travelled, as did the Riccis, Tiepolo himself, Canaletto, Bellotto. Canaletto came to England; and although his later pictures here are of variable quality (provoking, even in London, rumours that a pseudo Canaletto was at large), his best are comparable to his finest of any period, perhaps those finished entirely by his own hand when he had no studio help.

For Warwick Castle he painted a set of views, two of which (sold from the castle itself) were the subject of a famous salvage operation mounted a few years ago by the Birmingham City Art Gallery. Another one, of the south front of the castle, is at Agnew's (formerly at Hever); it is comparable in quality as in mood, and no less animated under a serene sky of lucent blue (perhaps tinged with memories of Venetian climate) with sprightly detailed incident.

Canaletto's larger figures, in his foregrounds, suggest that polite social intercourse is a continuous form of operatic dialogue, a melodic interchange of compliment; while those in the distance—mere calligraphic jottings, swirls and staccato dots of pure brilliant colour—activate the landscape and the grey walls of the castle like grace notes against the formal structure of a score. And the weather, of course, is always superb.

The Guardi family seem to have been content to work in Venice throughout their careers, artisans in all branches of their trade, modest and prolific. Francesco, the finest of them, might have been somewhat overvalued at first when later critical attention concentrated on him, but at his own best he is the most haunting of all the painters of Venice. He is admirably represented in this exhibition. With him, indeed, the weather's serenity becomes troubled, moody. His capriccios can become romantically nostalgia in way they never quite are with Canaletto, the brushwork open and free, often suggesting rather than describing. The buildings of Venice sometimes shimmer from his brush as if themselves reflections. A grand view of the Dogana and the Salute has a tone almost of clouded pewter. But, always, the paint itself conveys that quality of freedom and delight with which, surely, it was applied.

David Rommell, bartender, massages John Kishline, a customer, in Theatre X's "Renovations"

Renovations/Brentford

Martin Hoyle

The Watermans Art Centre is a heartening oasis in the dingy wastes of Brentford High Street. A modern red building, as austerely inhuman as the stark commercial blocks around it, like Alice's looking glass it leads into an unsuspected world of delights: space, comfort and wholesome food to start with, and a vast picture window that inexplicably looks on to a rural riverbank of impossibly lush green peace.

The art gallery and cinema being otherwise occupied, the theatre currently plays host to *I Used to Like This Place Before They Started Making All Those Renovations*, the latest offering of the American Festival. It is performed by Theatre X, a young company from Milwaukee

Though described as "holding up a mirror to American society today," the clients who lament the refurbishment of their favourite bar with brass and leather ("This old place will never be the same") might occasionally be British. When the hostess, "lovely and talented Lily" (Flora Coker), urges us: "We're desperate, so buy drinks," I wonder uneasily if this is a gentle comment on how much, or little, the old world has to offer.

Elsewhere the staff and customers form a very American group, from the journalist conducting interviews for a magazine called *Stress* to the neurotic waitress whose screaming isolation alternates with lugubrious sorties into the stalls to offer the audience drinks, or as with your correspondent, a towel to change into.

Familiar attitudes and preoccupations emerge. The journalist's idealism curdles into sardonic bitterness; the soignee divorcee (Deborah Clifton, striking and stylish) "just wants to be happy" over another drink, massage or manicure; the waitress yearns for self-fulfilment in good works. Discomforting facts provide a counterpoint. The number of babies born with congenital defects has doubled; the sperm count of the average university student has decreased by 60 per cent, attributable, among other things, to television, though "some sperm seem to handle it" (presumably critics in the making).

What saves these unexceptionable themes from staleness is the light touch both of John Schneider's script and the playing, its freshness and intelligence typical of the best American acting — an apparently unforced naturalism that comes only from rigorously professional technique. Ms Coker, looking like a very young but already lived-in Alice Faye, puts over a number of songs (music by Henk van der Meulen) the best of which "Hey, puffy eyes, your face is looking older," has the harsh lyricism of Sondheim. John Kishline's journalist, reminiscing about a strict Roman Catholic adolescence, makes the well-charted territory totally absorbing. The ac-tor, in baggy candy-striped suit, accompanies the songs at the piano.

Kate Lock and George Irving in "The Woolgatherer"

The Woolgatherer/Lyric Studio

Michael Coveney

The setting in the Lyric Studio, Hammersmith, is a boarded-up room in Philadelphia where the previous incumbent, not surprisingly, hanged herself. Rose, a waitress in the five-and-dime, is nervously entertaining Cliff, a stranded truck driver with a Pacino punchy line in "heys," expletives and slick wisecrack ("Beer makes you smart." "Huh?" "It made Budweiser.")

This is the new post-Shepard, you might also say sub-Shepard, school of urban, rural and emotional disjunction, of heightened naturalism and low-key hysteria; this author, William Mastrosimone, and Marsha *'Night, mother* Norman are the arch exponents. It is crude, throwback aggressive stuff and, in Mastrosimone's case, it throbs with a vaguely unpleasant sexual violence.

The Woolgatherer is his first piece and I must say I warm slightly to the plays as I catch up with them in reverse chronological order.

It is certainly given the works by George Irving, one of our best unsung lithe but sluggish actors, and the richly talented Kate Look, Terry Johnson's production (designed by Geoff Rose) has a sure grasp of Mastrosimone's rhythms and oddness: Miss Lock contorting like a blasted tree stump on suffering another convulsive scratching fit and Mr Irving releasing a stoned account of life on the road with the sure aim of one who, at last caught off-guard, is revealed as a born poet.

The virginal Rose has been severely disturbed by the sight of a gang of louts stoning a flock of cranes. She jumpily wards off an overture with a bleat of being haemophiliac (asking for and receiving the reply "I wanna hold you, not bite you"). Cliff, another member of the endangered human species, has a wooden leg, although you would never know it by Mr Irving's easeful occupation of the bed.

The wall divides them not, as Rose says, from a nosey landlady, but from a cupboard full of wool sweaters. Violence, capitulation and delicately pitched confessions, both actors on their knees, follow in good time. Whatever else may happen to the characters after we leave them, they'll sure have enough knitwear to snuggle up in come the Philadelphia freeze.

British Museum/Wolfson Galleries

Gerald Cadogan

THE NEW Wolfson Galleries of Greek and Roman sculpture and inscriptions at the British Museum are an impressive display of the breadth of the museum's collections and give a lively sense of the classical world. The storerooms have been virtually emptied and their contents are on show, which is an excellent policy, observed also, for instance, in the new Egyptian galleries in the Metropolitan Museum in New York and in the Mellon Center for British Art at Yale.

Many of the pieces came from Italy and were acquired in the 18th century by Charles Townley. After his death they passed to the Museum by Act of Parliament in 1805.

Townley had a fine collection of statues, heads, reliefs and funerary chests. Their new display is packed, as it should be, whisking you into the world of collectors on the Grand Tour.

It does justice to Zoffany's painting (in the Towneley Hall Art Gallery at Burnley) of Townley in his library, with a dog at his feet, and surrounded by his treasures, which can be recognised at the museum. The prize piece of the collection was his last major purchase (in 1791), a copy of Myron's Discus Thrower of the 5th century BC coming from Hadrian's Villa at Tivoli.

Do not miss a noble pair of greyhounds, of the 1st or 2nd centuries and restored — like so many of the pieces — in the 18th century. Among the original Greek pieces are fragments of both the Old and the New Temples of Artemis at Ephesus. The Old Temple dated from the later 6th century BC and the Lydian king Croesus helped pay for it.

Texaco/NYT playwriting competition awards

The first prize of £3,000 in the National Youth Theatre playwriting competition sponsored by Texaco has been awarded to Kathy Chalmers for *If You Wanna Go To Heaven*, a play for a predominantly female cast about a regiment of the Second World War Land Army stationed in West Yorkshire.

Second prize (£2,000) has gone to Adrian Smith for *Away From the Slaughterhouse* which deals with a disaffected rebellion led by an employee in a sweets factory who finds his girlfriend snapped up by an upwardly mobile colleague at Birmingham University.

Third prize (£1,000) has been awarded to Edward Kemp for an epic feminist look at a rugby-playing, macho small town with a carbon dioxide producing business that runs out of steam, *The Proper Place*. Marius Brill, 20, collected the Most Promising prize of £500 for *Frikzhan*, an angry two-hander for a white unemployed ex-policeman and the black DHSS clerk to whom he must answer.

The adjudicating panel, chaired by Michael Croft, comprised the actress Paula Wilcox, the directors Bryan Forbes and Charles Sturridge, the critic Michael Coveney and the writer Christopher Short (last year's winner).

Elijah/Festival Hall

Richard Fairman

Mendelssohn's *Elijah* has long lost the fanatic popularity of its Victorian era. This Tuesday evening performance by the Philharmonia Chorus and Orchestra under Seiji Ozawa was the first of two—a repeat follows tonight—and the hall was not full despite the presence of a worthy quartet of soloists.

So many people today regard the work as sanctimonious that it is interesting to look back at earlier comments. Mendelssohn himself hated performances of *Elijah* that were pretty, heartless, flat or unintelligent and declared that they gave his music "a sort of amiable expression" that sent him mad with rage. What the 20th century finds cosy, the composer clearly did not.

Ozawa's performance was not flat or unintelligent, but it was not really exciting either. The best of it came in the impressive scene at the end of the first half, when Elijah mockingly tries to summon the god Baal: Benjamin Luxon, the Elijah, injected a welcome urgency into his invocations and the chorus responded with some dynamic, attacking replies. But even here the full frenzy of a pagan rite was just kept respectfully at arm's length.

A Beethovian sense of control pervaded the evening. Tempi (not always those expected) were solidly set and adhered to; and rhythms were trenchantly delivered, especially by the enthusiastic timpanist. Only in the final scenes, as Elijah ascends in his chariot to heaven, did the performance take off in the less literal sense and then at last we had some of the "go and swing" so much admired by Mendelssohn at the work's first performance.

The soloists provided mixed blessings. The tenor Robert Tear, was the only one to colour the words with imagination, but he spoiled his singing with some clumsy scooping up to higher notes. Soprano Edith Wiens and mezzo Alfreda Hodgson, for all their competence, worked on an unimpressively small scale. The Philharmonia Chorus, in fine, well-balanced form, slogged dutifully through what must be some of the most tedious part-writing in any major choral work.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 7–13

Exhibitions

WEST GERMANY

Berlin, Gropius Bau, Stresemannstr. 110 Berlin 61; Treasures of the Forbidden Cities. Timed to coincide with this year's Berlin Horizon 85, the Peking Palace museum is coming to Europe for the first time, with roughly 120 works covering 3500 years of Chinese history. The exhibition in Berlin includes gold, and Jade, paintings, porcelain, musical instruments and calligraphs. Ends August 18.

Frankfurt, Museum für Kunsthandwerk, Schaumainkai 17; The new museum opens with an exhibition of Turkish culture and art from the Osman empire. 500 works are on loan, ranging from 15th-19th century. The show includes glass, carpets, ceramics, miniatures and weapons. Ends June 30.

BRUSSELS

Hotel Metropole is celebrating its 90th year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends Jul 20.

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the rare distinction at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unque and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

PARIS

James Tissot: A nostalgic evocation of the charms of Edwardian life, with his fashion-plate perfection in rendering ladies' rustling dresses and beautiful hats, surrounded by attentive dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

French masters of the 19th and 20th centuries: Degas, Van Gogh, Bonnard and Dufy are represented in this typically fine Robert Schmit display. Galerie Schmit, 396 Rue Saint-Honore.

ITALY

Venice, Palazzo Fortuny: Toys for the science-fiction era, showing how vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

Rome, Galleria Carlo Virgilio, Via della Lupa 10. Anton Sminck Van Pitloo (1791–1837): 27 landscapes in oil of Naples and surroundings of exceptional quality and charm. Pitloo had left Holland with a Prix de Rome, and after study in Paris and Rome, settled in Naples and taught at the Accademia Borbonica. He had considerable influence on the development of Neapolitan landscape painting. Several of his works have echoes of Corot and of Turner, both of whom visited Italy during 1828. Ends June 14.

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

NETHERLANDS

Paul Klee at the Commanderie van Sint-Jan Museum in Nijmegen. 89 paintings, watercolours and drawings covering the years 1906-39 on loan from the holdings of the Kunstsammlung Nordrhein-Westfalen. Ends Jun 23.

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

Saleroom/Antony Thorncroft

In 1885 Czar Alexander III of Russia asked Fabergé to make a magnificent jewel in the shape of an Easter egg as a seasonal present to his wife. Thus was begun a tradition which was continued by his son, Nicholas II, the last Czar. In all 54 eggs were produced, and one was sold on Tuesday at Sotheby's in New York for $1,760,000 (£1,375,000).

This was the Cuckoo Egg, so called because of the singing bird automaton which surmounts it. The egg was commissioned by Nicholas II at Easter-time, 1900, as a gift for either his wife or his mother. It is one of only three to appear at auction in the past 50 years and the price was a record for Fabergé for a Russian work of art and for any object of virtue.

The successful buyer was Malcolm Forbes of Forbes Magazine. He now owns 11 of the Easter eggs as against the 10 in the Kremlin. The Queen possesses two, and most of the remainder are in American museums. The golden Cuckoo Egg, 20.3 cm high, was sold by Mr and Mrs Bernard C. Solomon of Beverly Hills. The price was no great surprise given the rarity of the item and its intrinsic value.

Sotheby's in London held an auction of medium quality Victorian pictures which realised £641,586 with 24 per cent unsold. The fairly high bought-in percentage is accounted for by vendors fixing higher reserves on their pictures than the market can stand. In particular the landscapes of James Webb were out of favour and three of his paintings were bought in, although the bidding on a castle on the Rhine went up to £8,500.

The highest price was the £41,800 paid for four scenes of the Cheshire hunt painted by George Kilburne. They are fresh and untouched and will probably end up in the U.S. A. & F. Gordon, the London dealers, bought a portrait by Charles Barber entitled "Blond and Brunette" for £18,700. It actually depicts Princess Victoria Alberta in 1879. She was a granddaughter of Queen Victoria and the mother of Lord Louis Mountbatten.

Another London dealer, Whitford Hughes, paid £16,500 for a bronze sculpture of Circe by the Australian sculptor Sir Edgar MacKennal, and £13,200 for "The Coming Race," a puppy picture. Another London dealer, McConnell Mason, bought a still life of fruit and a goblet of wine by Edward Ladell for £14,080.

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Gorbachev's gamble

THIS WEEK Mr Mikhail Gorbachev established himself as a man with a mission, and in a hurry to achieve it. The mission, he told a conference of key party officials and industry managers, was to try to reverse more than a decade of slackening output, deteriorating quality and increasing waste in Soviet industry, and to boost economic growth to 4 per cent a year, without taking a rouble away from military and social welfare programmes.

Mr Gorbachev senses that, after some six years of drift due to the illness of his three predecessors in the Kremlin, he has a popular mandate to effect change. The rot, he complained this week, set in as long ago as the early 1970s. The Soviet economy had become extravagant. It was the world's biggest steel producer, yet because of waste and old fashioned design was chronically short of metal. "Made in the Soviet Union" was no longer a trademark that sold many civil industrial goods in the world. Imported technology was poorly used. Investment was squandered, even bringing poor returns in parts of resource-rich Siberia.

Streamlining

All this criticism is a new variant on an old theme, but harder hitting than ever before. The Soviet leader hinted at many changes in his speech this week, but his substantive reforms boiled down to two. For the shorter term, more money should be spent on reconstructing and modernising old factories rather than building new plant. Indeed Mr Gorbachev's chief complaint with the existing draft plan for the next five years was that it should raise the share of total capital investment going to reconstruction from one third to one half. This is an eminently sensible correction to the natural bias of the Soviet building industry to measure its plan fulfilment in "green field" construction alone.

The other change Mr Gorbachev foreshadowed is far more wide-ranging: streamlining of the many-layered central planning system. Gosplan, the all-union planning committee, should confine itself to setting strategic priorities. Neither Gosplan nor even individual ministries, which in future should focus on long term planning and technical innovation, could hope to supervise every detail of production. "Big economic complexes," which Mr Gorbachev did not define, might be set up to take over the role of factory supervision from ministries. Under the umbrella of these "complexes," individual enterprises would get more autonomy. In short, the whole planning process would move down a rung or two towards those on the factory floor, at the sharp end of the Soviet economy.

Has Mr Gorbachev the power to carry this out? In April he was able to put three of his men into a Politburo depleted in number under Andropov and Chernenko, without incurring the odium of sacking anyone to make room for them. The primacy of party over government allows a general secretary to push ministers around. The steel, farm machinery, building materials and petrochemicals ministers castigated this week may now feel their heads on the block. But wholesale rationalisation of the proliferating ministries at the national and republican levels may provoke more opposition than Mr Gorbachev can handle at this stage.

The gamble that Mr Gorbachev is taking is that he is arousing expectations, about thorough-going economic improvement, that he may not be able to fulfil without going much further than he presently plans.

Resources

Enterprise autonomy, the key to any real reform, means little or nothing until enteprises have a major say in what they produce, where they sell it, how they price it, and how they invest their profit. Mr Gorbachev complains repeatedly of slack planning, of enterprises skimping on their production targets. Yet it is "tight" planning, the insistence on compulsory targets, that frustrates innovation; mangers feel they cannot risk production hiccoughs associated with introducing new processes. The Soviet leader says consumer influence must grow, but he is not a "market socialist" like Hungary's leaders. Price formation should be "radically improved," he says, but not apparently to let a freer price mechanism allocate resources. He complains of the lack of services, but says not a word about letting small scale private enterprise plug the services gap as they are in some East European countries and China.

These are enormously difficult issues for the Soviet Union, the home of orthodox communism and the largest country in the world, to tackle. But Mr Gorbachev may in the end find them inescapable.

A facelift for the ECGD

THE internal review committee set up to examine the management of the Export Credits Guarantee Department has not given the insurance agency a clean bill of health. It comments, for example, that "the present senior management structure does not work effectively." But given the scale of the deterioration of the department's finances, its criticism is hardly scathing and its proposed reforms are hardly earth-shattering.

It was never likely that the internal review would propose radical changes. The Government turned its back on root-and-branch reform of the loss-making agency last year when it rejected the advice of an independent review body it had set up. In 1984, the Matthews report argued that the ECGD would never become fully responsive to the market and efficiently run while it remained a Government department.

As a free-standing corporation, it was argued, the ECGD might begin to behave more like the insurance company it really is. It would be released from close Treasury supervision and be more able to reject particular risks and adjust premiums in the light of changing market conditions.

Balance

The Matthews solution may not have been ideal. It may not have struck the right balance between public accountability and flexibility of operation—although it has to be said that at the time many, including the CBI, were strong supporters of the plan. The question now is whether the internal review committee, forbidden even to consider the option of a change in the ECGD's status, has come up with a worthwhile alternative.

It is hard to see how the changes recommended by the latest review body, which was led by an ECGD official, will lead to a dramatic improvement in the department's performance. The recommendations include a "board" of part-time outside directors, an annual "business plan," a reshuffling of internal responsibilities which involves the setting up of a new management services group, more recentralisation and tighter financial controls.

These reforms make sense as far as they go, but too often the review committee seems content with an unsatisfactory status quo. Indeed, something close to defeatism runs through the report. It points out that the ECGD has experienced a severe decline in its business in recent years. It now insures only about 25 per cent of UK exports compared with nearly 40 per cent in the mid-1970s. The volume of its medium-term business is now less than half its peak and short-term business is down some 30 per cent. Although the report accepts that the loss of business is not explained by cyclical fluctuations in world trade, it remains profoundly gloomy about about ECGD's future prospects.

The report rejects the case for bigger financial incentives for senior officials—on the grounds that the ECGD is losing staff no faster than other departments like the Treasury—makes do with a very modest link between pay and performance for junior staff. It says "we have not found that the civil service rules are a significant hindrance to the businesslike operation of ECGD," yet cites evidence of the customers' exasperation with the inflexible nature of ECGD cover. And despite the erosion of business it suggests "Ministers will not want ECGD to compete aggressively against private-sector insurers."

It will always be difficult to devise a logical structure which allows the ECGD simultaneously to meet in difficult market conditions its statutory duty to encourage UK exports and its non-statutory obligation to break even, one year taken with another. The charge against the department, at present running a £400m cash deficit, is that it is meeting neither objective. The internal review appears to imply that nothing much can be done about this: it neither suggests how the existing obligations can better be achieved nor puts forward a convincing clarification of the ECGD's role.

Hong Kong banking

The painful questions after another rescue

David Dodwell in Hong Kong looks at the background to the collapse of OTB and the possible consequences

JUST HOURS after Hong Kong's Overseas Trust Bank re-opened its doors on Monday morning after a Government rescue that is likely to cost taxpayers more than HK$2bn (£204m), Sir John Bremridge, Hong Kong's Financial Secretary, was turning his mind to the broader issues raised by the collapse: "Freedom has its price," he commented. "The question is, are we paying too high a price?"

The failure of one of the territory's largest locally-incorporated banks raises painful questions about Hong Kong's standing as the world's third largest banking centre, about the effectiveness of local banking supervision, and about the secretive way in which so many of Asia's super-rich families — most of them overseas Chinese — are accustomed to do their business in the territory.

The collapse of Overseas Trust Bank (OTB) stands in a long line of corporate scandals focused on Hong Kong and South-East Asia in recent years. Common threads run through the Haw Par and Mosbert scandals in Singapore and Malaysia in the 1970s to the collapse of the Hong Kong-based deposit-taking company, Dollar Credit, in 1982, and of the Hang Lung Bank in 1983. The same threads were visible in the HK$10bn collapse of Carrian Investments, the property and shipping group, late in the same year, and of the small deposit-taking company, Dominican Finance, in January this year.

One common thread is Overseas Chinese businessmen who have mingled their private and public business interests as if there was no significant distinction to be drawn between them. A second is the custom of secrecy, which means that much business is undocumented. Deals depend on memory, handshakes, and personal relationships.

A third thread linked with this obsession is the one that has given Hong Kong its raison d'etre—the "no questions asked" regulatory environment. One observer commented in the wake of the collapse of the Hang Lung bank: "Hang Lung may have reminded central banks and regulatory authorities of just how easy it is for those who control banks and finance companies to use their international connections and the high degree of freedom of movement of funds in the region to move assets out of jurisdictions where the financial or political climate has become unfavourable." OTB has provided a similar dramatic reminder.

Hong Kong has for many years been the home of such "flight capital" for the rich Overseas Chinese minorities of Indonesia, Malaysia, Thailand and the Philippines who often live in fear of political persecution, and who are willing to go to great lengths to keep their wealth out of government reach.

Like Hang Lung 20 months ago, the collapse of OTB provides a rare insight into this complex business world. Founded by Chang Ming Tien, a Malaysian with roots in Penang, OTB has grown on the basis of shifting South East Asian alliances. The Cheng family, closely linked with Hang Lung, was a prominent shareholder until 1982. So was the Indonesian Mr George M. K. Lee until last autumn. The Ratanaraks family of Thailand was close to that of Mr Chang. Mr Lee Siong Thye, another Indonesian, was until March a major shareholder in OTB.


Glyn Genin

The cracks in OTB began to show after the sudden death of Chang Ming Tien in a hotel room in Kuala Lumpur in early 1982. His son Patrick became managing director, and seemed to be headed for chairmanship. A struggle for control—some would call it a difference of opinions over the proper direction of the bank—ensued, and the bank's performance began to slide.

Chang Ming Tien's wife remained on the board, as did two other of his children—Miss Chang Lee Sian, a respected chartered accountant, and Eric Chang, whose main claim to fame was his imprisonment in Singapore in the early 1970s for involvement in an unsuccessful attempt to murder his father's mistress.

By the time of OTB's collapse last week, Sir John Bremridge was willing to talk openly of "what appear to be a series of totally disgraceful criminal acts." Yet to be accounted for are unsecured loans amounting to more than HK$850m to the defunct deposit taking company, Dominican Finance, which was headed by Mr Simon Yip Chun Ling until he disappeared from the territory early this year. Loans to directors and associates are understood to amount to more than HK$2bn. Few of them are likely to be recoverable.

Charges have been brought against four of OTB's former directors, and further charges cannot be ruled out. Mr Patrick Chang, who is one of those charged, was stopped trying to leave the territory with U.S.$1.5m in cash, diamonds, jewellery and bonds and has been refused bail.

As criminal investigators, OTB's new board, and bank regulators learn more about the events leading to OTB's collapse, Sir John Bremridge's question—What price freedom?—is one that is being widely asked in the territory. There is a high price to be paid for regulation too, and it may be difficult to steer a middle course in the present emotionally-charged atmosphere.

Ironically, Hong Kong's banking regulators are well poised to respond. In the wake of the Hang Lung collapse late in 1983, a Bank of England report called for improved supervision, and reforms based on their recommendations are already being drafted.

Mr Robert Fell, Hong Kong's banking commissioner (and former chief executive of the London Stock Exchange) said yesterday: "Though it sounds a sweeping thing to say, OTB's collapse teaches us no new lessons whatsoever.

"It nevertheless illustrates a point that we have been making all along—that the core of the system is the examination system. In a perverse way, OTB has demonstrated the effectiveness of our examination system."

The attached chronology of events leading up to the collapse suggests the regulators were more on top of the crisis than many realised during the crisis hours last week. They arguably acted more decisively, and more openly, than the Bank of England when Johnson Matthey crashed early this year.

"We were successful in a perverse sort of way," Mr Fell commented yesterday. "Events showed that the examination had been thorough—as tough as anywhere in the world. The trouble was that at the end of an examination of a bank, you would expect to find granite at the middle. In the case of OTB, we found a rotten core."

In the wake of this "perverse success," the Government is likely to be able to push through with greater ease the more controversial of its proposals for improved supervision. The package of reforms includes:

- Full monthly statistical returns from banks, with specific disclosure of beneficiaries of loans over a certain amount.
- Closer liaison with bank auditors, who are being encouraged to test management control and recommend improvements.
- Improved measures of liquidity and of capital adequacy. A risk-assets ratio of about 10 per cent is being considered, which would provide the banking commission with "some estimate of the risks of losses being sustained and their quantum." It was the lack of such a measure that left the commission without the proper early warnings ahead of OTB's collapse.

Another issue put to the top of the commission's agenda is that of a deposit insurance scheme to protect depositors in the event of a bank collapse. This has been keenly resisted by Hong Kong's larger banks, mainly because they are the institutions that would have to provide the lion's share of funds

It was the absence of such a scheme that left the Government with little option last week but to rescue OTB. For a government wedded more firmly than most to the ideals of the free market, it was a bitter pill to swallow — especially 20 months after the "once only" rescue of Hang Lung Bank.

There is more than a little worry that the territory's frailer banks are resting easy on the assumption that they, too, would be bailed out if they got into serious difficulties. This explains the government signals—alarming to some—that it would be extremely difficult to find political backing for a third rescue.

The commission will also in future pay more careful attention to bank management. Tight family control of banking and financial institutions will remain possible, but it will have to be accompanied by profesional management systems.

With the arithmetic of the OTB colapse still to be done, the price of freedom for Hong Kong's banks has yet to be measured. Stricter regulation is now certain, and the price for this has also to be measured.

There are many respectable bankers who feel it will make Hong Kong a duller place. One observed: "We know that all of the markets in Asia need tidying up—with the exception of Sinagpore and Tokyo—but it is the barracudas that make life here so interesting."

OTB: COUNTDOWN TO THE COLLAPSE

October 1984	**OTB's results for 1983-84 published, showing profits halved from the previous year. Banking commission puts the bank on its "intensive care" list. Launches inquiry codenamed "Mongoose: Patrick Chang removed as managing director, replaced by his sister. Robert Liu brought in from Citibank.**
January 1985	**Dominican Finance, the deposit-taking company controlled by Mr Simon Yip, is suspended. Mr Yip disappears. Later learned that outstanding OTB loans to Mr Yip amount to more than HK$850m.**
April 1985	**OTB's half-year figures available. Banking commission sends in examining team to conduct its own audit.**
Fri, May 31 1985	**Examining team makes verbal report to Mr Robert Fell, banking commissioner. Discloses evidence of misappropriation of funds. Says the bank has solvency problems. Robert Fell reports to Sir John Bremridge, financial secretary.**
Sat, June 1	**Robert Fell meets OTB directors, discusses examining team findings. Suggests they get independent advice. On his recommendation, OTB board chooses Charles Perrin of Hambros. Perrin is on a plane from London to Hong Kong that night.**
Mon, June 3	**Fell, Perrin and OTB board meet. Fell later meets Sir John Bremridge, arranging a further meeting on OTB for Saturday, June 8.**
Weds, June 5	**OTB board essentially agree with banking commission calculations. Discuss options open. Fell, Bremridge call in Hongkong Bank, who would be central to any rescue. Diaries cleared.**
Thurs, June 6	**OTB board officially informs government at 4.30 that they are insolvent. Bank operations suspended. Patrick Chang stopped at Kaitak airport carrying suitcase full of cash, diamonds and bonds.**
Fri, June 7	**Government officials conclude safest option is to take over the bank. Emergency meetings of the executive and legislative councils back rescue plan expected to cost taxpayer at least HK$2bn. Hong Leong prepares the ground to back out of deal to buy OTB subsidiary bank. The Hong Kong Industrial and Commercial Bank (HICB). Three OTB executives, including Patrick Chang, detained on holding charges.**
Sat, June 8	**New board meets. Executive team seconded from the Hongkong Bank.**
Mon, June 10	**OTB's 44 branches re-open doors. Minor run on HICB following confirmation that Hong Leong has cancelled plans to purchase it. Otherwise, banking business as usual.**

Men and Matters

King of the castle

The Spanish blamed the Portuguese for the fact that yesterday's EEC treaty-signing ceremonies had to be staged in both Lisbon and Madrid rather than together in a neutral capital, which would have made life simpler for all concerned.

But at the same time, Spain took the opportunity to make some rather heavy points about its European credentials.

For one, there was the venue chosen for the signing, in the imposing Royal Palace, a sumptuously decorated 18th century mix of neo-classical and baroque which has not been occupied since before the Civil War.

Ignoring several salons with Tiepolo ceilings, the Spanish opted for the Hall of Columns, noted principally for its statue of King Charles I (also known as Emperor Charles V) who ruled not just over Spain but also over Naples, Sicily, Sardinia, Germany, Austria, Franche-Comte and the Low Countries. Better than that, he captured a French king.

Rubbing the point home was a series of ink drawings done for the signatories by Salvador Dali, and presented along with texts and reproductions in a folder entitled "From Madrid to Europe."

The eccentric 78-year-old painter maintains that the EEC is joining Spain and not the other way round, and chose as theme for his drawings, the myth of 'The Rape of Europe" by a Spanish bull.

Dali claims he is the only person who has ever understood this legend. The bull, he says, did not actually violate Europe but pinned it down at the Pyrenees.

Spare parts

IMI, the metals and engineering group, is leaving nothing to chance when Patrick Jenkin, Environment Secretary, visits its Birmingham headquarters tomorrow to open the £28m first phase of a new industrial estate.

The Environment Department, which has contributed its biggest urban development grant of £5.5m to the project, was involved in the earlier ground-breaking ceremony.

Lord Bellwin, then a junior minister, was required to man a bulldozer and symbolically demolish an old wall. To minimise any risk to his person, IMI had previously weakened the wall—but did the job so effectively that a gust of wind, arriving before Bellwin, demolished it for him.

Executives, surveying the rubble, decided that even this Government with its unemployment problems might consider rebuilding a wasteful job-creation exercise. An alternative wall was found for Bellwin to knock down.

Tomorrow, Jenkin will merely be required to press a button to start an ornamental fountain spurting. A spare fountain is on hand—just in case.

An egg on top

"The score now stands at The Kremlin, 10, Forbes, 11," said the auctioneer bringing down his gavel. This ended a sale in New York in which Malcolm Forbes, publisher of Forbes Magazine, paid $1.6m for a Faberge egg.

So with this record purchase, Forbes forged ahead of Moscow's Armory Museum as owner of the biggest collection of the golden bejewelled eight-inch high Easter eggs. Only 54 were made by Faberge for Russia's Czars.

Family politics

Japanese politics are much more about personalities than policies; a fact which has given rise to some legendary rivalries over the years. One of the most intense is between Prime Minister, Yasuhiro Nakasone, and his predecessor from 1976-78, Tkaeo Fukuda. Now, it seems, the feud is being passed on to their families.

Both men are members of the same party and, under the Japanese multi-member constituency system, sit in parliament for the same district in Gunma prefecture.

But which one gets the most votes is a matter of keen interest—and in every single election since both entered politics after the war, Fukuda has out-polled Nakasone, even after the latter became Prime Minister.

A general election is expected next year, and while the two do battle again in the Lower House, it appears likely that Nakasone's son and Fukuda's brother will also be pitted against each other in the same district for seats in the Upper House.

The Japanese political scene is so rife with blood and marital connections, in fact, that a genealogist would quickly throw in the towel.

The latest rumour even has Makiko Tanaka, daughter and effective guardian of the stricken former Prime Minister, contemplating political office. (Her fierce defence of her father has already made her known as "the Japanese Thatcher.") Makiko's husband is an MP and, in the Japanese manner, Tanaka's adopted son as well as his son-in-law.

This helps to explain why all Japanese newspaper stories about domestic politics tend to be very long.

New vintage

Sotheby's and Christie's traditional domination of the wine auction market will be challenged by a new company called International Wine Auctions at London's Cafe Royal on June 26. It offers a high-class list of 718 lots that could average about £300 a case, plus VAT.

The new group's leader is Philip Tenenbaum, head of the Chicago Wine Company, who says: "We feel sure there is room for another force in international wine auctions."

The gem of the Cafe Royal auction is a bottle of Chaeau Lafite from 1811, the legendary Année de Comete (this year is also the year of Hailey's Comet) which connoisseurs say was the greatest vintage ever. The last time it was known to be auctioned was 1968 soon after Baron James de Rothschild bought the chateau. It fetched 121 francs. The estimate for this month's single bottle is £17,000 to £22,000.

Switch-off

Mrs Thatcher's new-found enthusiasm for televising the Commons appears to have survived an unfortunate incident the other day when she invited BBC cameras into 10 Downing Street.

To mark its 250th anniversary as the residence of the head of the British Government — Robert Walpole was the first occupant — the television cameras were allowed to poke into corners of the building never opened before to public gaze.

Plugging in more and more cables, the BBC crew wandered from Cabinet room to Mrs Thatcher's flat, where it was decided to round off the visit with a homely shot of the Prime Minister making a pot of tea.

She switched on the electric kettle—and the overloaded electrical system poped its fuses throughout the building.

Observer

ECONOMIC VIEWPOINT

Ten years of black gold

By Samuel Brittan

THEY tell me that the coming Tuesday is the 10th anniversary of North Sea oil. It seems a typical media non-event. But apparently Mr Tony Benn, when Energy Secretary, turned a stop-cock or something similar 10 years ago, which marked the official opening of North Sea production.

But whether the anniversary is genuine or not, it provides a convenient opportunity to take stock of the effects of North Sea oil on the British economy, as far as they can be separated from the myriads of other influences—some oil related, but nothing to do with the North Sea.

Of one conclusion I am reasonably sure. This is that North Sea oil production was far less important for the UK than the two oil price explosions of 1973-74 and 1979-80 were for the world economy. These explosions triggered off—whether or not they "caused"—two successive phases of stagflation and rising unemployment which marked an end to the post-war Golden Age.

Just as the North Sea build-up was slower than expected, so the decline is likely to be. Indeed recently raised estimates of reserves suggest that output will be at the upper end of the officially projected range in the years ahead.

Net exports were down in 1984, because of the coal strike, and sharply up this spring because of destocking following the end of the strike. The underlying level of net exports is probably running at over 60 per cent of total output. This surplus will gradually run off; but many North Sea operators expect the UK to remain near self-sufficient until the end of the century.

The contribution of North Sea oil is so modest in relation to GDP, and the expected rundown of output so gradual, that the frequent question: "What will happen after North Sea oil?" is more a debating point than a genuine problem.

North Sea oil accounts for some 6 per cent of GNP (measured at 1980 prices). It has been likened to the discovery of black gold in one's back garden, a natural bounty in that its extraction cost is a fraction of its market value.

One might, therefore, have thought that the coming on stream of North Sea oil might have added nearly ½ per cent to the UK growth rate over the last decade. In fact the growth of real GDP over 1975 to 1985 is likely to average nearly 2 per cent per annum. Over the previous ten years, 1965 to 1975, it was just over 2 per cent, a negligible difference.

Does the failure to raise the growth rate mean that the oil was wasted? Hardly so. It is quite likely, given the pressures on the economy that the growth rate would have been less without the oil.

Oil looms larger in overseas trade than it does in GDP. Net oil exports amounted to £7.1bn in 1984 and might have reached £8bn without the coal strike. This amounts to 10 to 12 per cent of visible exports. But when invisibles are taken into account—as they should be—the proportion falls to nearer 7 per cent.

The other side to this build-up in oil exports is that non-oil exports have been crowded out. There is now a deficit of £6bn per annum in trade in manufactures compared with a surplus of £3½bn in 1975 (at the lower price levels prevailing that year).

Two economists, John Kay and Patrick Forsyth, achieved minor notoriety by pointing out the near-inevitability of such a swing in the July 1981 issue of Fiscal Studies. But there is nothing sacrosanct in manufacturing—still less in the balance of trade in manufacturing — however much a House of Lords Committee close to the manufacturing interest may berate the Chancellor on the subject.

The one argument against permitting the whole of this swing is that the proverbial peasant who finds gold in his back garden should not spend all the proceeds straight away. Instead he should invest a substantial proportion to build up his income against the time the gold is gone. Translated into national terms, it suggests that a country enjoying an oil bonanza should build up a portfolio of overseas investment, which will provide "invisible" earnings in the years after North Sea oil.

Note that the logic points to an increase in overseas rather than the domestic investment that the Labour Party has misguidedly urged. Large increases in investment in industrial countries rapidly run into diminishing returns. (When Mr Denis Healey was the Labour Chancellor during the early and steep oil build-up, he wisely made no attempt to use the proceeds to subsidise unprofitable domestic investment to any greater extent than before).

On the other hand, the UK oil surplus amounts to a very small proportion of world investment and an even lower proportion of existing world capital assets. So an individual country can obtain the international rate of return by investing, whether directly or by portfolio purchases, on the world markets. Domestic investment is helped indirectly, because an overseas outflow reduces the real exchange rate.

There has indeed been a near-sensational increase in UK net overseas assets from £12½bn at the end of 1979 to an estimated £70bn at the end of last year.

Despite the help from the very necessary abolition of exchange control in 1979 hardly more than 30 per cent of the increase in value of overseas assets represents the investment of current account surpluses, as prescribed by the textbooks. The remainder represents revaluations — partly ordinary capital gains, but to an uncomfortably large extent the appreciation of the dollar.

The pressures on manufactures in 1979-81, were larger than could be explained by the arithmetical effects of North Sea oil. But they did reflect oil indirectly. For there were the years of the second oil crisis, when a country which combined political stability, highly developed financial markets and self-sufficiency in oil or better was irresistibly attractive to overseas holders of funds. Hence the portfolio attractions of sterling and the steep, but temporary, rise in the real exchange rate of those years, to which can be attributed most of the industrial shakeout—both the good effects in productivity and efficiency and the less desirable shock to output and jobs.

Sterling remains sensitive to oil price movements—more so than can be easily explained. If the pound has held up better than last winter to downward pressures on oil markets, it is because UK real interest rates remain higher than in most other countries. The Government is thus substituting an interest rate penalty for an exchange rate one; and Sterling M3 and overfunding make hardly any difference one way or the other. If the dollar were to weaken the interest rate penalty could be reduced.

Indeed the latest outbreak of oil fears relates to precisely that possibility. As oil is priced in dollars, the sterling value of British Government oil revenues would fall if the dollar dropped against the pound.

Oil revenues, as well as production, were expected by the Treasury to peak this financial year at £13½bn, which represents 9 per cent of all Government receipts. This figure is much larger than the expected Public Sector Borrowing Requirement of £7bn. In any "adjusted" Budget calculation, the temporary nature of most of these receipts would have to be taken into account; as well perhaps as their very small demand effect. All of which throws doubt on the fashionable claim that UK fiscal policy is savagely deflationary.

If the exceptional nature of oil receipts is already taken into account in fiscal strategy, it is absurd to go to the other extreme and say that taxes should be raised (or possible tax cuts forgone) pound for pound for less oil revenues. This is particularly so for that part of any loss which represents a higher exchange rate for sterling against the dollar.

Wood, Mackenzie—a broking firm specialising in oil—has raised the alarm that Government revenues in both this and the next financial years will be nearly £2½bn less than officially forecast. But to the extent that this is due to a higher pound against the dollar, I can only repeat: "I should have such worries."

What would be better both for the economy and for the Chancellor: a collapse of sterling against the dollar and windfall oil revenues, or a soaring pound and an oil revenue shortfall? To ask the question is to answer it.

In the latter case, there would also be some rise in sterling against the currency basket, which would put downward pressure on inflation and/or allow a reduction in UK interest rates.

All of which goes to show how necessary it was for the Chancellor to emphasise in his Budget speech, despite some Treasury head shaking, that there was nothing sarcroscant about his PSBR objectives and that the overriding objection of the Medium Term Financial Strategy was to secure a non-inflationary growth of Nominal GDP. It is time for Nigel Lawson to break away from Treasury-Bank infighting to reiterate this central message. It is much more important than North Sea oil as such.

OIL PRODUCTION FORECASTS* AND OUTCOME

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
						(m tonnes)							
Forecasts made in:													
1976	15-20	35-45	55-70	75-95	95-115								
1977		40-45	60-70	80-95	90-110	100-120							
1978			55-65	80-95	90-110	100-120	105-125						
1979				70-80	85-105	95-115	115-140	115-140					
1980					80-85	85-105	90-120	95-130	95-135				
1981						80-95	85-110	85-115	90-120				
1982							90-105	90-115	95-125	95-130			
1983								95-115	95-125	95-125	85-120		
1984									110-130	110-130	100-125	85-115	80-115
Outturn	12.2	38.3	54.0	77.9	80.5	89.4	103.2	114.9	125.9	—	—	—	—

* Including natural gas liquids (NGLs) and onshore production.

Lombard

Pitfalls in wider share ownership

By Barry Riley

BOTH Mr Norman Tebbit and Mr Nigel Lawson have delivered speeches this week proclaiming the benefits of wider share ownership. Certainly there needs to be a fundamental shift in the pattern of ownership of industry and commerce if the Government's ideal of a property-owning democracy is to be realised.

At rock bottom, at the end of the 1970s, only 4½ per cent of the British adult population owned shares, compared with something like 25 per cent in the U.S. Since then, privatisation issues such as British Telecom, and employee share schemes have been factors in promoting a modest pickup.

It must be pointed out, in passing, that Mr Lawson has ducked the single most important policy change which might encourage individual share ownership, by bowing to the pensions lobby and failing to reduce the huge tax advantages of saving for retirement through institutional schemes rather than through personal investment.

He has not even introduced personalised tax-sheltered savings plans such as the U.S. Individual Retirement Accounts which permit American citizens to choose their own investments, including stocks.

But a more fundamental point to be made is that wider share ownership is not any kind of panacea. It is an excellent idea for the right kind of people able to devote enough time and attention to it. But it carries inevitable risks and drawbacks; and it requires a framework of services and regulation which is not highly developed in the UK at the small investor level.

One danger for Conservative politicians is that they may confuse the benefits of employee share ownership with the potential of more general equity ownership. There is, of course, a great deal to be said for profit participation by workers, in that it fosters a degree of identification of interest with the company for which they work. Share ownership is one way (but not the only nor necessarily the best way) in which such harmony can be achieved. But the arguments for building up a more widespread equity portfolio in other companies are really rather different.

It is also dangerous to make glib comparisons with the U.S. There are a lot of very wealthy individuals in the U.S., for whom it is entirely appropriate to hold substantial sums in risk-bearing securities. But Britain is a much poorer country.

The British idea of a small investor is not the same as the American. This may be the misunderstanding behind Mr Lawson's claim that deregulation on Wall Street in the mid-70s led to lower commission rates for small investors by "more than 20 per cent."

A comprehensive analysis by the U.S. Securities and Exchange Commission gave a quite different impression. Any fall in commissions on small bargains after 1975 was small or non-existent. And by the early 1980s, after the shakeout among the brokerage firms, the rates rose quite sharply.

Commissions on orders of up to 200 shares rose from 50c to 60c a share between 1975 and 1981, and on up to 1,000 shares from 32c to 40c. It was only on bargains of above 10,000 shares that rates fell sharply. And given that U.S. share prices are heavy by UK standards, that meant transactions involving several hundred thousand dollars—which even in the U.S. is way outside the small investor bracket.

The SEC observed that effective subsidisation of small trades "could not be maintained with the unfixing of commission rates." Many in the City of London now come to the same conclusion about commissions on small bargains following our own process of deregulation.

It is true that a new breed of no-frills discount brokers has sprung up in the U.S. But they serve a large pool of sophisticated private investors who have the skill and experience to make their own portfolio decisions. It is questionable whether British investors exist in substantial numbers who are able to make use of comparable services.

None of this argues against the Government's drive for wider share ownership. But it would be a mistake to suppose American habits can fully be established in the UK given the differences in tax structures and in national wealth. The Thatcher government is advancing on several fronts towards its goal tf a share-owning democracy, but there is still some way to go.

Letters to the Editor

Paying for pensions

From the General Secretary, General, Municipal, Boilermakers and Allied Trades Union

Sir,—Mr A. Wilkie (June 4) is coming very close to the right answer on pensions.

He is right to say that the ability to pay pensions in the future is dependent on real capital investment now. This is true of funded schemes and still truer of unfunded state schemes. The ability of workers in the next century to pay increased pensions while still enjoying a rising standard of living themselves depends not only on their numbers but also on their productivity and this in turn depends on investment. For this reason the Government's single-minded obsession with "dependency ratios" is essenntially irrelevant.

Where Mr Wilkie is wrong is in suggesting a necessary connection between the assets held by pension funds and the level of real capital investment in society as a whole. There is no reason to suppose that an increase in pension contributions would have any effect either on the overall level of private savings or on the total volumes of investment. All these effects depend on other decisions taken by the Government, both at the macro-economic level and in relation to public investment programmes. It is particularly important to challenge this error since it is embodied in the Green Paper as virtually the only non-ideological argument in favour of a shift from public to private provision.

In the last resort the distinction between funded and pay-as-you-go pension schemes is delusory. All pension schemes are pay-as-you-go in that workers must give up part of what they produce in order to support the retired. Equally, however, all pension schemes are funded in that a society's ability to support its elderly members will depend on the capital and human resources which it has built up over past years.

David Basnett,
Thorne House,
Ruxley Ridge,
Claygate, Esher,
Surrey.

Violence on the terraces

From Mr D. Sloman

Sir,—Mr Goslin (June 8) asserts that soccer violence is directly attributable to violence seen on the TV screen. If this is the case why is it that in the U.S. there are no similar scenes of widespread hooliganism at major league baseball and American football matches? In sports stadia throughout the U.S., these games are regularly played before very large crowds. The U.S. supporters are certainly highly enthusiastic but the keynote of the ball game is the general good humour that pervades the proceedings. Consequently, even families with young children as well as senior citizens are substantially represented among the spectators.

The foul language predominating on the UK terraces is not generally heard in U.S. stadia despite the fact that wine and beer are actually sold inside the grounds.

Regrettably the obliteration of UK soccer violence requires more fundamental action than the mere banning of violent scenes from our TV screens—it involves the revival of that old-fashioned virtue, discipline.

Denis P. J. Sloman.
Stock House, 3, Woodby Drive,
Charters Road, Sunningdale,
Berkshire.

Efficient markets

From Mr J. Cornford.

Sir,—It seems to me that some assumptions behind what has been said so far on the efficient market theory are somewhat adrift from reality. It does not seem proven that the random walk exists, nor could I agree the EMT says anything about the judgment of fund managers one way or another.

A glance at charts of the top 500 shares shows at any time a good 90 per cent of them to be in clear, stable, trends relative to the market, and experience gives ample reasons why these should and do exist. If the random walk hypothesis did not forbid the thought, perhaps the theorists would have an incentive to check the mathematics which purports to prove their case.

These trends show plainly that prices more often than not adjust gradually to some underlying reality as it becomes more widely appreciated. To suppose that every factor relevant to a price could be encapsulated at one point in time implies an astonishing ability on the part of all concerned to assess all the subtleties involved and is not in any case necessary. It would be closer to the truth to say that a share price at any time is a compromise between often widely different opinions of value, not that everyone agrees with it and rather, that prices veer between extremes of opinion. Companies' prospects do not change overnight and the consequences of management policies, or business trends are often a matter of judgment even to insiders. What does change though is opinion about their effects, and it is this which is the single largest influence on a share's rating.

Exploiting differences between market perception and the reality is the basis of good investment decisions, and the more complex the factors involved, the more scope there is for one investor today to anticipate what interpretation the rest of the market will put on them tomorrow.

Given these a priori reasons to expect price movements not to be random, and if charts bear it out but the statistics do not, then with respect there might be something wrong with the mathematics, perhaps in the intervals used to test for significance. Short term price fluctuations are probably swamping the smaller but longer term trend. The mathematics used in engineering to eliminate "noise" from measurements might give the EM theorists an answer closer to the experience of some practitioners of investment analysis.

J. D. Cornford,
1 Old School Cottages,
Lynwick Street,
Rudgwick,
Horsham, W. Sussex.

Exchange control

From Mr D. Jones

Sir,—Anthony Harris June 8) nearly spoiled his well-argued article on pensions with a misplaced jibe at the Labour Party. He said: "The illusion that investment in financial markets somehow causes investment in production is very widespread —Karl Marx believed it just as firmly as . . . the Labour Party agitators for exchange controls!

The Labour Party is certainly under no such illusions. Our view is that financial institutions, including the pension funds, should be free to invest their funds overseas. However, we see absolutely no justification for giving them substantial tax privileges for doing so — that is a daft and inefficient use of tax concessions.

Our policy, which operates as a sort of exchange control, will give an incentive for the financial institutions to return large sums to this country. As Anthony Harris quite rightly notes, most institutional funds fail to find their way into productive investment. This would surely also be the case for funds repatriated from overseas under our new scheme — they would simply fuel speculative and largely unproductive increases in share, gilt and property prices. This is why we believe that the returning funds should be channeled through a National Investment Bank which would be like overseas industrial banks, such as those in Japan, KfW in Germany, and Credit National in France. It would lend long term at soft rates to productive, comercially viable industry, thus helping to generate the wealth on which ultimately our pensions depend.

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It is precisely because the Labour Party no longer lives under illusions that the Conservatives are increasingly on the defensive over economic policy. The implication of the rest of Mr Harris's article I entirely agree with — that the only people with illusions are those who want to leave all allocation of resources (including pension provision and institutional investment to unregulated and inefficient private markets.

Doug Jones.
(Economic assistant to Roy Hattersley, MP.)
House of Commons, SW1.

Trade with Brazil

From the Chairman, Latin American Trade Advisory Group.

Sir,—I was distressed to read what I consider to have been a misleading comment by your correspondent in Rio de Janeiro about British trade prospects in Brazil in his article (June 8) on the Foreign Secretary's forthcoming visit there next month. As chairman of one of the many bodies convinced that there are opportunities as well as problems in Latin America, I must take issue with Andrew Whitley.

While being the first to accept that major project business in Brazil has had to cut back drastically, this is only part of the target area where British exporters are concerned. There is still an extremely important and ongoing market in Brazil for products which do not require ECGD medium term cover and where our market penetration has been pathetic; our recent trade performance, however, confirms that UK exporters are beginning to wake up to this fact. UK exports to Brazil in 1984 increased in excess of 50 per cent over 1983 and, even better still, in the first four months of 1985 our sales have risen a further 18 per cent over the last year with products such as chemicals becoming more prominent. What is even more encouraging is that the UK market share of Brazilian imports has begun to recover for the first time since the war.

C. R. Armstrong.
2, Belgrave Square,
S.W.1.

FINANCIAL TIMES

Thursday June 13 1985

Rupert Cornwell previews today's summit of the Bonn coalition's political heavyweights

Kohl tries to keep his act together

IT HAS been dubbed the "meeting of the elephants" in deference to the imposing physical mass of the three main participants. But for Chancellor Helmut Kohl, his "summit" today with Herr Franz Josef Strauss and Herr Martin Bangemann, leaders of the two junior partners in his centre-right ruling coalition, has a political weight if anything greater still.

His aim is not merely to restore a semblance of order to his unruly government alliance – but also to *stem what commentators see as the* most serious crisis of confidence in the Chancellor's capacity to rule since he took power in October 1982.

Complaints about the Kohl style are of course nothing new: his apparent indolence, lack of grasp of issues and general Micawberism and his inability to formulate a clear policy on a host of problems have been the stuff of political gossip almost since the start. Yet they have reached an ominous new pitch in the wake of the devastating defeat *of his Christian Democrats (CDU)* in the state election in North Rhine-Westphalia a month ago.

Opinion polls lately have given him the worst mid-term rating of any recent Chancellor: one, in Quick magazine at the beginning of June, found that only 12 per cent of supporters of the three-party coalition considered him the best available. Herr Gerhard Stoltenberg, his CDU Finance Minister, scored 22 per cent.

Still *more significant perhaps* has been the notably hostile stance taken by Bild Zeitung, the mass circulation paper normally a dogged supporter of Herr Kohl and whose 5.4m *daily* sales *give* it a political weight which is often overlooked. "Is the giant tottering?" a front-page headline screamed the other day.

Ostensibly, the difficulties for the Chancellor are *twofold. One* is the endless bickering between the conservative Bavarian Christian Social Union (CSU) of Herr Strauss, and Herr Bangemann's liberal Free *Democrats (FDP), emboldened by* their improved results in state elections this year. In a sense, they revolve around disputes over civil liberties and foreign workers: *underlying them, however, is the CSU's* conviction that Herr Kohl gives greater weight to the views of the FDP than to its own.

The other especially vexed problem is the economy, and whether it should be reflated more vigorously by the much-canvassed acceleration of the planned two-step DM 20bn ($6.5bn) round of tax cuts, or by other means.

Both, however, are reflections of the deeper issue: the doubts over *Herr Kohl himself. Whatever his* shortcomings, he has long been held a votewinner in the electorate at large. But after North Rhine-Westphalia, the fear is that he could lead the CDU to further defeats, in Lower Saxony next year and in the federal election in early 1987.

The fiercest criticism, as usual, comes from Herr Strauss, who *hardly bothers to hide his mixture* of jealousy and contempt for the present incumbent in Bonn. In a classic case of damnation by faint praise, Herr Strauss observed this week that he saw no reason "from today's standpoint" to fight 1987 with a different candidate for Chancellor.

Things are no better on the for*eign policy front. Herr Kohl, in the* space of a few weeks succeeded in embarrassing President Ronald Reagan over his visit to the war cemetery at Bitburg, and upsetting France, West Germany's other most important ally, over SDI, the space defence programme. His chancellory has been embroiled in demeaning public sniping with the Foreign Ministry over the broader conduct of affairs.

At first it seemed as if the latter *was the loser. But in the general* confusion of late Herr Hans-Dietrich Genscher, the FDP's indestructible Foreign Minister, has once more been making the running. In the *process* he had earned more praise from the opposition Social Democrats (SPD) for his handling of SDI, European affairs and East-West relations than from within the Government.

It will require a dexterity of which Herr Kohl has given little sign so far, if further EEC turmoil over cereal prices and car pollution *standards is to be avoided. On both* questions, Bonn stands virtually alone; both could easily have damaging internal repercussions, and either or both could make a mock*ery of the Chancellor's pious Euro*peanism in the run-up to the Milan summit.

All in all then, it is scarcely surprising that the *ghost of Herr* Ludwig Erhard, the last CDU Chancellor to be ejected by *his* party in mid-term, is stalking the land. For its part, the SPD is weighing the possibility of embarrassing Herr Kohl by putting forward a Bundestag vote of no confidence, the device which in 1966 contributed to Herr Erhard's downfall.

As of now, most observers agree that matters are unlikely to come to that. Herr Strauss' bark has in the past been proved to be worse than his bite. Regicide is never easily arranged, and there are objections to both touted replacements, Herr Stoltenberg or Herr Lothar Späth, the energetic premier of Baden-Württemberg. Another recent poll, moreover, suggested that whatever Herr Kohl's problems, the CDU-CSU-FDP coalition would still win a 52 per cent majority at new elections.

But if the muddle and procrastination go on and unemployment stays high the arguing will continue too, whatever the soothing noises which emerge from the "summit." *Herr Kohl declared this week that* "the limits of what is tolerable" have been reached. Now he has to show he means it.

THE LEX COLUMN

Another sedative from Beecham

Presumably the extra quarter-point they kept on their base rates for the past eight weeks has finally cost Barclays – and Midland – just a bit too much business. Certainly no self-respecting stag with any choice between banks would have used a Barclay's overdraft to apply for yesterday's Abbey Life offer. If the move into line at 12½ per cent carries any more general message, it is that interest rates have got themselves properly stuck.

Beecham

Yesterday's 28p fall in the share price was as eloquent a commentary as any on the present state of *relations between Beecham and the* City of London. An indulgent stock market would have attributed the disappointing full-year figures to exchange rate movements at the *end of March* and would have taken at face value the group's determined optimism about the future. But, where Beecham is concerned, the market is anything but indulgent.

Currency movements in the latter half of March may indeed have knocked about £15m off Beecham's reported profits but that is scarcely firm ground on which to mount a defence. Sterling has been moving the group's way in each of the past three years and yet earnings per share have stood virtually still. Since the beginning of 1983, the Beecham share price has underperformed the market by 36 per cent. So it needed more than a faintly encouraging set of interim results from the new chairman to rehabilitate Beecham. At the very least it required a much better set of preliminary figures than the group could yesterday supply.

Pre-tax profits of £306m – an increase of 14.3 per cent – are no disgrace. But when the residual translation profit of £11m and the net benefit from acquisitions of £4m are taken out, underlying profits growth emerges at around 8 per cent. In the pharmaceutical division, there was no underlying growth at all.

Beecham reckons that it should be able to grow at 15 per cent a year in the medium term and in the current year it could easily do better than that. The problem is that, while such a growth rate might have impressed five years ago, Beecham now stands to do little better than the FT-A Industrial Group. Compared with some local competitors – Glaxo and Fisons spring to mind – it appears quite simply pedestrian. So a historic earnings multiple of 14.4 – at last night's price of 350p – may not be doing Beecham such an injustice after all.

Pilkington

Not even an end-year translation setback – of much the same order as Beecham's – could stop Pilkington from putting together a fairly creditable set of figures for the year to March. On its own replacement-depreciation basis, Pilkington managed to produce £116m before tax, a 31 per cent improvement on the previous year and equivalent to a standard historic-cost figure of almost £150m. Since the UK business at last generated a return sufficient to cover its own redundancy costs, though with only £4m to spare, the management has achieved something to feel cheerful about.

Whether shareholders should feel equally pleased is less certain. Having submitted to a £100m rights issue when their shares were riding above 300p last December, they now face a price – 290p yesterday – which reflects the resulting dilution of earnings, yet the market is 10 per cent higher than it was six months ago. If Pilkington can find the American opto-electronic company it wants, the strategic gains might conceivably justify these initial reverses; it is, however, a near certainty that anything Pilkington actually buys in the *U.S. will* involve paying a multiple higher than its own, hence more dilution.

Other things being equal, the current round of accelerated redundancies in St Helens could push earnings up by £25m next year. But given the likelihood of a construction-led downturn in Germany and the uncertainties of South Africa and Latin America, it would be asking a lot to see much progress overall. With Pilkington's backlog of ACT, the next dividend increase may be some way off.

Telefonica

UK institutions will soon have the opportunity to subscribe anything up to £50m for shares of the Spanish telephone monopoly, Telefonica. Despite eight rights issues in 10 years – and two since October – Spanish Telecom is finding its capital needs too great for the Madrid bourse. This is not surprising since it accounts for a fifth of the market's capitalisation and even more of the turnover since the surge in foreign buying of Spanish equities. Listings are also being sought in Paris and Frankfurt.

Operating comparisons with BT are said not to be favourable to the Spaniards, although Telefonica is all but guaranteed a minimum return on telephone business and has been selected to carry the banner of Spanish electronics in joint ventures with the likes of AT&T. Provided the mechanics of London dealing in the shares can be worked out, it is an investment that yields 9 per cent – apparently ahead of any PTT except that of Mexico – and does provide a connection with a performing stockmarket. However, since no new shares are being issued and Telefonica will see none of the cash, there should be plenty more opportunities; and institutions may only regret that it will not be joining the lonely duo of the telephone networks sector.

Big four UK banks align loan rates

By Philip Stephens in London

BRITAIN'S Barclays and Midland banks yesterday cut their base lending rates by ¼ of a percentage point, aligning them with the 12½ per cent already charged by the oth*er two leading clearing banks,* National Westminster and Lloyds.

The Treasury and Bank of England, however, are still opposed to any significant fall in borrowing costs for the time being and analysts expect rates to remain close to the present levels through the summer.

The country's building societies *indicated that yesterday's move will* not have any immediate impact on home-loan rates, as a recent improvement in deposits had not been enough to meet the demand for new loans.

Expectations of a small cut in base rates had been raised by the recent strength of the pound and by the publication last week of figures showing slower growth in the most closely watched money supply measure, sterling M3.

But the measure stayed well outside its official target range and the *Government's cautious* approach to cuts in interest rates was underpinned last week by a brief speculative flurry against the pound in response to weakening oil prices.

Barclays' decision to cut its rate yesterday was therefore seen as indicating that it had concluded there was no immediate scope for the leapfrogging move to 12¼ per cent *which it might have preferred.*

The general view in UK financial circles is that the Treasury's strategy is now focused almost entirely on maintaining the value of the pound in order to reverse the recent acceleration in the pace of price rises.

The annual inflation rate in April rose to 6.9 per cent and many economists are predicting a further increase when the figure for May is published on Friday. Mr Nigel Lawson, the Chancellor, has stuck to his forecast, however, that it will fall back to 5 per cent at the end of the year.

Sterling has so far been shielded from most of the impact of falling oil prices by the high interest rate differentials which favour investment in the UK bond and money markets, and this in turn has curbed upward pressure on import prices.

A significant fall in British rates, however, would run the risk of the foreign exchange markets refocusing on oil prices, particularly in the run-up to the meeting of the Organisation of Petroleum Exporting Countries later this month.

Money markets, Page 37

China ready to compete for commercial satellite business

BY ROBERT THOMSON IN PEKING

CHINA is ready to join in the space haulage business and will compete on the world market for the launch of communications satellites by rocket and the construction of *space shuttles, according to the* Chinese Ministry of Space Industry.

The ministry claimed yesterday that it was open for business and "poised to accept orders" for the *launch of satellites or for the recovery* of satellites already launched and is able to provide various other space-related services.

China has launched 16 experi*mental satellites with rockets de*rived from its ballistic missiles which carry nuclear warheads. For commercial launches, a satellite-launcher called the "Long March 3" *will probably* be used.

At present, there are few organisations around the world offering commercial space services: The U.S. government sells launches on *its fleet of space shuttles, while a* Paris-based *company, Arianespace,* takes satellites into space with a rocket developed by West European countries.

The director-general of the Chinese *space ministry's* foreign affairs bureau, Zhang Jiqing, was reported in yesterday's English-language China Daily as saying the country's "astronautics industry is *fully fledged now.*"

Mr Zhang said China could provide almost all commercial services in space, ranging from the manufacture of rockets and ground sta*tions to the recovery of satellites* already in space, as well as having the capability to carry out a space exploration programme.

But China, he said, would not un*dertake space travel projects of* its own because such ventures were too expensive and "yield too few practical benefits," and China "has no intention of entering a space *race with the superpowers.*"

"We will *concentrate* our efforts on projects urgently needed for developing the national economy, including launching communications, broadcasting, earth resource sur*vey, meteorological and other scien*tific experimental satellites. Some are already under construction and will be launched soon."

The "Long March 3," apparently perfected in the last two years, is a three-stage vehicle using liquid propellant. It is able to place smaller satellites in very high orbit, and larger loads, such as a manned space station, in a lower orbit.

China has pushed its space programme as proof of the success of its modernisation drive. The first of the 16 experimental satellites was launched in 1970, and the programme has been the source of much pride in a country where communications are often unsophisti*cated and unreliable.*

European machine tool groups hit by Japanese performance

BY ALAN FRIEDMAN IN MILAN

LEADERS of the West German and Italian machine tools industry asserted yesterday that the weakened position of European manufacturers was in part a result of the "exceptional performance of Japan," which since 1976 has increased sales by more than 200 per cent, while cutting its workforce by 7 per cent.

Dr Pierluigi Streparava, president of Ucimu, the Italian machine tools association, called the Japanese performance, which last year saw Japan as the world's leading producer with $4.7bn of sales, "one of the causes of the crisis in other countries." Dr Streparava said that Japanese machine tool companies, which *saw sales rise* by *31.8* per cent last year, enjoyed advantages unknown to European companies – these included massive government investment in technology and automation.

Herr Bernhard Kapp, president of the West German machine tools association, called on Japan to open its market to more imports. He said it was not acceptable that in Japan imported machine tools amounted to just 5.8 per cent of consumption last year, while in West Germany the equivalent figure was 29.1 per cent. But Herr Kapp added: "We must not fear the Japanese on technological grounds. Rather we must seek ways of co-existing with them."

1984 MACHINE TOOL SALES ($bn)

Country	Sales	% change on 1983
Japan	4.7	+31.8
USSR	2.9	− 4.0
W. Germany	2.9	− 7.8
U.S.	2.7	+25.8
Italy	1.0	− 3.9
E. Germany	0.8	− 5.8
Switzerland	0.8	+ 0.1
UK	0.5	− 7.1
France	0.5	− 7.9

Source: Ucimu

Both the Italian and West German leaders, speaking at a press conference in Milan, stopped short of calling for European protectionist measures. They pointed out, *however, that while last* year world machine tools sales totalled $20.7bn up 5.8 per cent, the only real growth in sales came last year from Japan and the U.S.

In six countries which account for 60 per cent of world production – Japan, the U.S., West Germany, Italy, the UK and France – there had been a sales rise in real terms last year of 11 per cent, but a decline of 23 per cent compared with 1980. Almost all the growth, however, was driven by the U.S. and Japan.

The introduction of new microelectronics and systems technology in U.S. and Japanese manufacturing industries was another factor which made it difficult for Europe to compete. Dr Streparava said the outlook for Italian groups this year was not encouraging, while Herr Kapp said West German companies had seen a 30 per cent rise in orders since the start of 1985.

● Mr Yasuhiro Nakasone, Japan's *Prime Minister, is set to hold a* meeting of his full cabinet and leaders of the ruling Liberal Democratic Party on June 25, when the next stage of Japan's import promotion programme is expected to be approved, **writes Carla Rapoport from Tokyo.**

The June meeting is expected to approve a reduction in tariffs *on a variety of imports,* largely *from* neighbouring countries, such as boneless chicken from Thailand and palm oil from Asean countries.

In July, Japan is expected to move on a wider range of import measures, including an urgent import programme which could include, among other things, the purchase of aircraft by Government agencies or Japanese *leasing companies.*

● Japan's Finance Ministry yesterday agreed to let foreign banks in Japan do securities business through *securities subsidiaries in* which their stake is 50 per cent or less. In order to qualify, however, foreign banks' securities subsidiaries must have been in business *for at least* three years.

Ministry officials said that if they had not granted approval for the wider securities activity by foreign banks, they feared another round of *financial trade friction with foreign* governments.

Argentina pays overdue interest

By Peter Montagnon, Euromarkets Correspondent

ARGENTINA yesterday began paying $250m in overdue interest on its public sector foreign debt, bringing payments current up until December 30, 1984.

The funds were taken from the country's own reserves and constitute a larger payment than had previously been expected. Sr Leopoldo Portnoy, Deputy Governor of Argentina's Central Bank, said at the weekend he expected the country's own contribution to interest payments made this week to be only about $150m.

Taken together with a bridging loan of $450m that Argentina still expects to receive from the U.S. and other governments later this week, the payment means that Argentina will be able to reduce its arrears in total by about $700m. They currently stand at $1.3bn and go back to November 11.

Argentina has had to make the payments to prevent its debt being officially downgraded by U.S. government agencies responsible for supervising the banking system. A committee of officials from these agencies is meeting until Friday this week in Washington to examine Argentina's debt.

Negotiations on the bridging loan meanwhile continued last night. The U.S. Treasury, which is expected to make the largest contribution, said it would be able to approve its share in the loan within the next few days.

Engine plant gets EIB loan

THE EUROPEAN Investment Bank has granted a FFr 475m ($50.4m) loan to a *jointly-owned* subsidiary of Peugeot and Renault, the two large French car groups, for re-tooling investments for producing a new series of engines, writes Paul Betts in Paris.

The 12-year loan has been granted to La Française de Mecanique, which makes car engines at a plant at Douvrin in northern France. The new investments are designed to equip the plant with high-technology production systems using robots and lasers.

Separately, provisional registration figures released last night showed a drop in foreign cars' penetration of the French market last month. Importers saw their share fall to 34.6 per cent from 38.8 per cent in May last year and 34.9 per cent *for the first five months of this* year.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	22	72	Dubrovnik	S	22	72	Malaga	S	26	79	Salzburg	F	19	66
Akrotiri	S	29	84	Faro	S	24	75	Malta	F	24	75	Seoul	C	28	82
Algiers	S	28	82	Florence	F	24	75	Manila	S	33	91	Singapore	R	31	88
Amsterdam	F	13	55	Frankfurt	C	15	59	Miami	C	36	98	Stockholm	R	11	52
Athens	S	28	82	Funchal	S	22	72	Milan	F	20	68	Strasbourg	C	18	64
Bahrain	S	42	108	Geneva	S	21	70	Moscow	F	21	70	Sydney	C	20	68
Bangkok	S	32	90	Gibraltar	S	23	73	Munich	F	17	63	Taipei	C	31	88
Barcelona	S	23	73	Guernsey	S	14	57	Nairobi	C	25	77	Tangier	S	23	73
Beirut	S	30	86	Helsinki	C	17	63	Naples	S	24	75	Tehran	—	—	—
Belgrade	F	20	68	H. Kong	S	31	88	New Delhi	S	35	95	Tel Aviv	S	28	82
Berlin	F	14	57	Innsbruck	F	19	66	New York	R	29	84	Tenerife	S	25	77
Biarritz	C	16	61	Inverness	R	11	52	Nice	S	21	70	Tokyo	C	21	70
Blackpool	F	12	54	Istanbul	R	18	64	Oporto	S	20	68	Toronto	R	15	59
Bordeaux	C	17	63	Jersey	S	13	55	Oslo	C	14	57	Tunis	S	25	77
Brussels	F	12	54	Jo'burg	F	18	64	Paris	R	13	55	Valencia	S	26	79
Budapest	F	19	66	Las Palmas	S	25	77	Prague	R	12	54	Venice	F	21	70
B. Aires	F	16	61	Lima	C	20	68	Reykjavik	S	9	48	Vienna	F	19	66
Cairo	S	35	95	Lisbon	S	25	77	Rio de J'o	S	23	73	Warsaw	C	16	61
Cape Town	R	15	59	Locarno	C	16	61	Rome	S	24	75	Zurich	F	17	63
Caracas	R	25	77	London	F	14	57								
Casablanca	F	23	73	Los Angeles	C	29	84								
Copenhagen	R	12	54	Luxembourg	R	11	52								
Corfu	S	26	79	Madrid	S	29	84								
Dublin	R	12	54	Majorca	S	25	77								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Gorbachev explains economic plans

Continued from Page 1

mous diminution of the power of key institutions in Soviet life and observers in Moscow are keen to see if the ministries really allow their authority to be curtailed.

The precedents are not good. Dr T. I. Zaslavskaya, an influential economist and author of a radical criticism of the Soviet economy called the Novosibirsk Report, explained this in the daily Izvestia last month. Over the past 10 years, she said, a significant widening of managerial rights had never been achieved despite directions from the leadership. "Initiative was always trodden on," she said.

The problem facing Mr Gorbachev is that to be effective his reforms require a basic change in the distribution of power in the Soviet Union away from the ministries and departments which control the economic life of the country. The beneficiaries will be the central planners in Gosplan, the Finance Ministry and the Central Committee Secretariat at the top, and the individual enterprises at the bottom.

This is a radical political change in the Communist system in the Soviet Union as it has existed since industrialisation started in the 1930s.

In his speech Mr Gorbachev strongly criticised by name four ministers. Mr V. S. Fyorov, the Petrochemicals Industry Minister, for example, did not keep his promises, said Mr Gorbachev. Those who came under attack will presumably be replaced.

But changes in personnel at the top of ministries, a process which has been going on since 1982, does not resolve the problem of reducing the authority of these institutions themselves. If this does not happen the reforms now being introduced will lose most of their impact.

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FINANCIAL TIMES

Thursday June 13 1985

Earnings advance at L'Air Liquide

By Paul Betts in Paris

L'AIR LIQUIDE, the leading French industrial gases group, yesterday reported an increase in consolidated net earnings to FFr 1.29bn ($137m) last year from FFr 1.09bn the year before. The directors are planning a one for five scrip issue.

Group earnings after minority interests rose 23 per cent to FFr 1bn last year from FFr 814m the year before. Sales also showed a steady rise to FFr 19.8bn in 1984 from FFr 17.09bn the year before.

M Jean Delorme, the group's chairman, who stepped down yesterday after running the company for 40 years, said the company expected similar growth and good profits this year.

M Delorme is to be succeeded as chairman by M Edouard de Royere, who has been vice-president of the company since 1982. M de Royere joined L'Air Liquide in 1966 after working with Crédit Lyonnais, the nationalised banking group.

The French group, which has seen profits and sales rise by an average of about 18 per cent a year for the past five years, has a presence in about 55 countries and is regarded as the first French multinational company.

Skis Rossignol forecasts buoyant year

By Our Financial Staff

SKIS Rossignol, the French skis and sports equipment group, reports strong profits growth for last year and says demand is likely to stay buoyant in the current 12 months.

Against FFr 27.4m ($2.9m), net profits for the year ended March 1985 have risen to FFr 41.9m. Sales of skis, which account for around 75 per cent of total turnover, rose sharply in the U.S.

The group does not disclose turnover but says sales of its mainstream tennis and ski equipment was strong. A few months ago it forecast sales for 1984-85 of FFr 1.5bn.

● L'Oréal, the French cosmetic and pharmaceuticals group, expects group net profits to rise 13 to 14 per cent this year in line with turnover. Net profit rose to FFr 709m in 1984 against FFr 609m.

Control Data drops plan to sell finance division

BY PAUL TAYLOR IN NEW YORK

CONTROL DATA, the U.S. computer and computer products group, has abandoned plans to sell its Commercial Credit financial services unit.

The Minneapolis-based group, which announced plans to sell the Commercial Credit unit last November as part of a sweeping reorganisation following a sharp downturn in profits, said that it had ended discussions with prospective buyers for the financial services subsidiary and "is no longer considering the sale of that unit."

The decision to withdraw Commercial Credit from the auction block appeared to reflect Control Data's problems in finding a buyer at the right price and deeply disappointed Wall Street. In the wake of the announcement the group's shares fell $3.25 to $27.50.

Explaining the decision Mr Robert Price, president and chief operating officer, said: "The sale of Commercial Credit has been pushed for a number of months. After carefully evaluating the risks of not being able to conclude a sale on acceptable terms in a timely manner, we have concluded that the benefits of retaining Commercial Credit outweigh the advantages of continuing the sale process."

The financial services subsidiary, headquartered in Baltimore, operates a network of 650 consumer and commercial lending offices in about 40 states and supplies insurance, property and vehicle leasing services. Last year the unit had revenues of $1.3bn out of Control Data's total $4.6bn in revenues.

Mr Price added: "We are confident that Commercial Credit will continue to make a valuable contribution, especially as plans to restructure and improve the company's operations are implemented."

He said actions during the past year to streamline operations and improve performance had resulted in substantial improvement in the profitability of Commercial Credit's operations and added that the possibilities for further major restructuring of the unit had been identified during the attempt to find a buyer. Mr Price said these changes would now be implemented

The financial services division contributed $82m in pre-tax earnings last year, up from $60.7m in 1983. The unit's pre-tax earnings helped offset a $72.5m pre-tax loss from Control Data's information services and products division largely reflecting the impact of a $130.2m one-time charge related to its decision to pull out of the IBM plug-compatible equipment market.

Suez group takes FFr 335m charge ahead of CIC disposal

BY DAVID MARSH IN PARIS

COMPANIE Financière de Suez, the French state-owned financial and industrial group, kept its basic consolidated net profits little changed last year at FFr 1.04bn ($110m) but took a FFr 335m charge connected with the impending divestment of its Crédit Industriel et Commercial (CIC) banking arm.

M Jean Peyrelevade, the Suez chairman, also announced that the group's long-awaited issue of *certificats d'investissement*, or non-voting preference shares, would total between FFr 500m and FFr 600m. Details of the issue are to be published next week.

M Peyrelevade called last year's results – which compared with net profit of FFr 1.06bn in 1983 – "satisfactory." Some 45 per cent of last year's profits came from foreign-based companies and 55 per cent from France. The group's banking and financial activities accounted for 56 per cent, income from holding companies 27 per cent and insurance and other operations 17 per cent.

M Peyrelevade revealed that, as part of an agreement with the state over the Suez group's takeover of the heavily loss-making Banque Vernes, the company would be paying only about FFr 100m in dividend and other payments to its government shareholder on its 1984 results. This is imputed on the basis of the central Suez holding company's narrowly defined FFr 225 of operating profits last year.

The Government's levies on the banks – through dividends and payments to a shareholder compensation fund set up to finance the 1982 nationalisations – have been increasingly criticised by bankers on the grounds that flows between them and their shareholders take place in one direction only.

With budgetary funds earmarked for loss-making nationalised industries and "lame duck" banks taken over in 1982, bankers have complained that profitable institutions needing to boost capital have been disadvantaged. M Peyrelevade's admission over the accord with the Government is the latest sign that the Finance Ministry is prepared to be flexible over this subject.

Last year's result was composed of FFr 130m in earnings from capital transactions (against an exceptionally high FFr 346m in 1983) and FFr 910m in current operations (FFr 709m last year, or FFr 800m on a comparable basis, including earnings from securities business).

M Peyrelevade said that the negative impact on the accounts of the CIC divestment would be compensated in the next few years as Suez gradually sold its holding in the bank and realised capital gains. The group agreed in January to sell progressively its 40 per cent stake in CIC in an overall FFr 1bn deal with the Government and the Groupe des Assurances Nationales insurance group.

Although the sale will not take place until at least the end of 1985, Suez decided to account for the removal of the 45 companies in the CIC group in its 1984 consolidated results. The FFr 335m charge – which reduced the group's overall net profits to FFr 705m last year – resulted from a drop in Suez net assets at the end of last year due to different accounting values for CIC before and after the divestment agreement.

Commenting on this year's trends, M Peyrelevade said operating profits from banking business might rise by less than the inflation rate because of the impact of lower credit demand from large corporate customers. Capital transactions, in contrast, were expected to show a profit of well above the group's annual target of FFr 100m.

Among other favourable disposals, M Peyrelevade said the group had made capital gains from its sale of 7 per cent of Société Européenne de Propulsion, the French rocket engine company, which floated part of its shares on the Paris bourse at the end of last month.

CCB loss soars in second quarter

By Bernard Simon in Toronto

CANADIAN Commercial Bank, the Edmonton-based group rescued by the Canadian Government and the country's six largest banks in March, suffered a net loss of C$21.7m ($15.8m), or C$3.62 a share, in the second quarter ended April 30, compared with a C$1.8m deficit, equal to 48 cents a share, a year earlier.

For the first six months, net losses were C$21.5m, or C$3.99 a share, against C$500,000, or 22 cents, a year ago.

The latest losses were largely a result of a number of steps designed to put the bank's accounting methods on a more conservative basis including reversals of accrued but unpaid interest, write-downs of non-productive loans and a reversal of tax recoveries.

Assets slipped to C$2.8bn on April 30 from C$3.1bn three months earlier.

CCB said the proceeds of the C$255m rescue package were received on April 29 and were thus not reflected in second-quarter results. Mr Gerald McLaughlan, chairman, said losses were likely to decline over the remainder of this year

A drain of deposits in the wake of the bail-out has forced CCB to make substantial drawings of concessional short-term loans from the Bank of Canada. These advances – extended to at least two other banks – have reached more than C$1bn. The Bank of Canada has said it will continue to support CCB or any other Canadian bank as long as the recipient remains commercially viable.

Mr McLaughlan said the bank was trying to reduce official support by the recovery of marginal and non-recurring loans.

Rome to choose future owner of IRI foods unit

BY JAMES BUXTON IN ROME

IRI, Italy's state industrial holding company, is today due to present to the Government all valid offers received for SME, IRI's foods subsidiary, which it intends to privatise.

IRI made an agreement in late April to sell SME (Societa Meridionale Finanziaria) to Buitoni, the foods manufacturer which recently came under the control of Sig Carlo de Benedetti, who is also chairman of Olivetti.

But after a political row broke out over the agreement with Buitoni, other groups made higher offers for SME than the L497bn ($253m) which Buitoni agreed to pay for IRI's controlling 64 per cent stake.

This week an important change was made in the composition of the consortium which made the first serious bid challenging Buitoni. The consortium, consisting of Fininvest (the company controlled by television magnate Sig Silvio Berlusconi), Barilla and Ferrero (both in the food manufacturing sector) have been joined by Cooperativa Conserve Italia. Each has taken 25 per cent of a specially formed company called Industrie Alimentari Riunite.

The Cooperativa Conserve Italia is a co-operative consisting of about 60 enterprises in the foods sector. Thanks to its arrival the consortium should now meet the Government's requirement that the purchaser of SME be majority Italian owned.

The consortium has offered L600bn for SME, payable over a slightly longer period than the L497bn offered by Buitoni.

Yesterday IRI managers met representatives of another consortium offering to buy SME. This is led by a company named Cofima and is worth L620bn. A third offer – yet to be quantified – has been made by the League of Co-operatives, a grouping of co-operatives related to the Italian Communist and Socialist parties.

The League has nothing to do with Cooperativa Conserve Italia, which is associated with the Christian Democrat Party.

Sig de Benedetti is still insisting that his agreement with IRI to purchase control of SME is binding and asked IRI to hand over the shares, but Professor Romano Prodi, the IRI chairman, has told him that the agreement was only a "preliminary" one subject to the approval of Sig Clelio Darida, minister in charge of state shareholdings.

Sig Darida will be reviewing the offers from today.

Viag unveils privatisation plan

BY OUR FINANCIAL STAFF

VIAG, the West German energy, aluminium and chemical group, is to unveil its plans for partial privatisation sometime in 1986.

The state-owned group would probably put 25 per cent of its shares into private hands when the stock market launch takes place, Herr Werner Lamby, managing board member, said yesterday.

He also announced that Viag had increased profits for 1984 and would be raising its dividend. Net profits rose from DM 109m ($35m) to DM 125m, and the dividend for 1984 is going up from 7 to 8 per cent.

The Finance Ministry, which currently holds 87 per cent of Viag, intends to sell at least 25 per cent to the public. The remaining 13 per cent of Viag is also state-owned, through Kreditanstalt für Wiederaufbau.

On future dividend policy, Herr Lamby said: "It goes without saying that, when we produce good results, our shareholders – whoever they are – should share in them."

Herr Lamby could not estimate the price at which Viag shares would be offered.

Turnover, including revenue from non-consolidated subsidiaries, rose 11 per cent last year to DM 11.96bn.

Den norske Creditbank improves

BY FAY GJESTER IN OSLO

DEN norske Creditbank, (DnC), Norway's largest commercial bank, maintained good profitability during the first four months this year, despite tough government credit measures which curbed the rise in net interest income.

At NKr 510.9m ($57.6m) this was 13.9 per cent up on a year earlier and equalled only 2.83 per cent of average total assets, compared with 3.34 per cent in the first four months of 1984.

Operating profits climbed by 33.9 per cent to NKr 323.7m equalling 1.8 per cent of average total assets, the same as January–April 1984 and only slightly down on the average for 1984 as a whole.

The slower growth of net interest income was offset by sharply increased income from other activities, particularly currency dealing and trading in securities.

Maryland National in European expansion

BY OUR BANKING STAFF

MARYLAND National Bank, with the biggest branch network in Maryland and assets of $7bn, is to buy the Luxembourg subsidiary of Norwest Bank of Minneapolis for an undisclosed sum. Maryland National ranks as 63 among the 14,000 U.S. banks.

This takeover, which will be Maryland's first major overseas acquisition, is subject to the approval of both the Luxembourg and U.S. regulatory authorities.

Assets of Norwest American Bank of Luxembourg (Noram), at March 31, totalled $178m, with a loan portfolio of $117m and capital and reserves of $12.2m. It has a representative office in London which Maryland is keen to expand.

Previously Maryland had a 25 per cent stake in London Interstate which it sold in September of last year to Sparekassen SDS of Denmark.

Maryland reported a 48 per cent increase in net income in the first quarter of the current year to March 31 of $16m.

Mr Harry Weitzel, senior executive vice-president, said yesterday that the acquisition of Noram provided the opportunity to accelerate the growth of its merchant banking and Euromarket loan syndication activities together with an expansion of private banking.

Deutsche Shell profits up strongly in year

BY PETER BRUCE IN BONN

DEUTSCHE SHELL, Royal Dutch/Shell's West German subsidiary, has reported its best results for at least 10 years, despite continued heavy losses in its basic oil business.

Herr Hans-Georg Pohl, Deutsche Shell's chief executive, said in Hamburg the group had boosted net profits to DM 415m ($106m) in 1984 from DM 344m in 1983. Turnover last year rose 13 per cent to DM 25.46bn.

Herr Pohl said the improvement was even better than it appeared because the 1983 results had been boosted by the addition from reserves of around DM 166m. Most of last year's profits were made by the group's natural gas and chemicals divisions, although profits were also made on stocks in the oil division.

Losses in the oil business declined only slightly, to DM 358m from DM 370m in 1983. This means, nevertheless, that Deutsche Shell was losing around DM 24 on every tonne of oil product it sold.

These losses had fallen to around DM 19 per tonne in the first quarter of this year, Herr Pohl said.

Exploration costs last year rose to DM 167.2m from DM 150.1m. The dividend is going up from DM 17 a share to DM 18. Herr Pohl said he expected the results for 1985 to show further positive progress.

INTERNATIONAL BONDS

Equitable Life issues long-term debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

EQUITABLE Life Assurance of the U.S. launched its first long-term debt issue yesterday in the form of a $100m, seven-year Eurobond for its Equitable Life Financing Corporation subsidiary.

Led by Credit Suisse First Boston with Donaldson Lufkin & Jenrette and Salomon Brothers, the issue bears a coupon of 10¼ per cent and an issue price of par, giving a yield of some 25 basis points over equivalent U.S. Treasury bonds.

Dealers said the paper was fairly well received, trading easily within its 1⅞ per cent fees as investors took advantage of the rarity of the name. But a more conspicuous success was another CSFB led issue – for Queensland Government Development Authority.

This is a $100m, 10-year, 10¾ per cent issue priced at 99⅞ per cent. Co-lead managers are Deutsche Bank and Merrill Lynch.

The bond seems likely to find favour with Far Eastern investors who currently like longer dated issues from Australian names, while European buyers, who traditionally go for U.S. corporate issues such as Equitable Life, are generally more cautious in their approach to the bond market at the moment.

Japan has thus emerged as a more important source of demand for bonds than Switzerland and the rest of Europe. Dealers say this is underlined by the World Bank's announcement yesterday that it is considering launching a $200m to $300m issue directly in Japan

The fixed-rate sector also saw an $80m, seven-year, 11 per cent issue for Alcoa of Australia, which is priced at par by CSFB, Deutsche Bank and J. Henry Schroder Wagg. Banque Indosuez and Royal Bank of Canada both launched floating-rate notes.

The $200m Indosuez issue bears an unusual feature in the form of a maximum coupon of 13⅟₁₆ per cent, which was needed to complete a complicated and lucrative swap operation. But the maximum coupon was too high to put off investors who were attracted by the relatively high margin over three-month Limean of ⅜ per cent. The 12-year deal is priced at par and led by Lehman Brothers alongside Banque Indosuez and Daiwa Europe.

BHF Bank bond average		
June 12		Previous
102.833		102.805
High	1985	Low
102.860		99.840

By contrast a $350m, 20-year issue for Royal Bank of Canada was regarded as tightly priced. It bears a coupon of just ⅟₁₆ per cent over one-month Libor, allowing investors little opportunity to play the yield curve. The deal is led by Orion Royal Bank and priced at par.

Tricentrol, the UK oil company, meanwhile met a good response on a £35m, seven-year 11 per cent bond with equity warrants, which was quoted by lead manager Morgan Grenfell last night just over its par issue price.

Markets in continental Europe were generally little changed though D-Mark issues registered small gains. The International Finance Corporation, a World Bank affiliate, launched its first deal in this sector in the form of a DM 90m, 10-year, 7¼ per cent private placement led at par by BHF-Bank.

The SwFr 120m, 12-year issue for Malaysia has been awarded a 6¼ per cent coupon by lead manager UBS, which priced the paper at 99½ per cent.

In other sectors Ecu bonds weakened sharply. Bank Mees en Hope is raising Ecu 50m through a seven-year bond expected to carry a 9 per cent coupon.

Société Générale Australia launched a two-tranche issue in Australian currency through Bankers Trust International, Amro, Banque Bruxelles Lambert and Société Générale. One tranche is for three years amounting to A$30m, the other for five years. Both carry a coupon of 13¾ per cent, but the first is priced at 100⅞ and the second at 100½ per cent.

Compagnie Française des Pétroles is raising NZ$55m in the form of a five-year, 16¾ per cent issue priced at par and led by Banque Paribas, Morgan Stanley and Nikko Securities.

International bond service, Page 26

INTL. COMPANIES and FINANCE

Murdock sells out Continental interest

By William Hall in New York

MR DAVID MURDOCK, the 61-year-old Los Angeles financier, has sold his 20 per cent stake in Continental Group to Peter Kiewit Sons, his partner in last year's $2.7bn leveraged buyout of the big packaging and insurance conglomerate.

Kiewit, a privately held construction and mining company, acquired full ownership by purchasing the 20 per cent stake in Kiewit-Murdock Investment, the parent of Continental, from Mr Murdock's Pacific Holding Corporation.

No terms were announced nor reason given for the deal, but Mr Murdock is known to be devoting a lot of time to the rescue of Castle and Cooke, a troubled West Coast food products and property group. Sources close to the company said Mr Murdock would show a good profit on his investment and had decided to move on. The parting was described as "amicable."

Since Continental was taken over last autumn, its new owners have disposed of several of its properties, and its annual revenues have been cut by around a third to $4bn a year. Florida Gas Transmission, Continental Fibre Drum division, a paper mill in Augusta and Lawyers Title, a property insurance company, have been sold. The group's Life Insurance Company of Virginia has been put up for sale. Its sale will end the major divestments.

Mr Donald Donahue, the chief executive of Continental since the beginning of the year, is retiring to "engage in entrepreneurial finance" and will be replaced by Mr Donald Sturm, a senior vice-president and director of Kiewit.

U.S. turnround lifts profit at Kühne & Nagel

By John Wicks in Zurich

KÜHNE & NAGEL, the West German international forwarding agency, increased its net profits by 20.7 per cent last year to a record DM 30.9m ($10m), thanks largely to a turnround in the U.S.

The American subsidiary returned to profits after three years in the red, according to Herr Klaus-Michael Kühne, chief executive. At the same time, there was a further rise in earnings of the Canadian company.

As a result, net profits of the western hemisphere division rose to the equivalent of DM 12.4m. This more than made up for a stabilisation of the German division's profits at 1983 levels and a marked drop in the after-tax figure of the Swiss-based subsidiary.

This decline, from SwFr 8.4m ($3.2m) to SwFr 6.2m, was due to SwFr 9.8m special provisions to meet possible tax arrears in another subsidiary outside Germany and the western hemisphere.

Group turnover rose by 18.5 per cent last year to a record DM 5.25bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for June 12.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10 7/8 90	100	101 7/8	102 3/8	+0 1/8	-0 5/8	10.29
Amex Credit 12 5/8 88	150	106 1/2	107	-0 1/4	-0 7/8	10.10
Bank of Tokyo 13 5/8 91	100	113 3/4	114 1/4	+0 1/8	+0 1/8	10.58
BP Capital 11 1/8 92	150	102 1/8	102 5/8	0	-1	10.58
Caisse Nat Tele 13 3/4 91	100	113 7/8	114 3/8	-0 1/8	-1	10.47
Canada 11 1/2 90	500	105 3/4	106 1/4	0	-0 3/4	9.84
Canadian Pac 12 1/2 99	75	107 3/4	108 1/4	+2 1/4	-0 1/4	11.32
CBS Inc 11 5/8 92	100	102 5/8	103 1/8	-0 1/8	-1 7/8	10.77
Chevron U.S.A. 12 1/4 89	600	104 3/8	104 7/8	+0 1/8	-1 1/8	10.81
Coca Cola 11 3/4 91	100	107 1/2	108	0	-0 1/2	10.01
Denmark Kingdom 11 1/2 90	*100*	101 3/4	102 1/4	-0 1/4	-0 3/8	10.54
Denmark Kingdom 11 1/2 92	100	103	103 1/2	+0 1/8	-0 1/2	10.78
Denmark Kingdom 13 1/4 91	100	111 1/4	111 3/4	+0 1/4	+0 3/4	10.82
Denmark Kingdom 14 91	100	109 3/4	110 1/4	-0 1/4	-0 1/4	11.60
E.E.C. 11 1/8 90	100	103 1/4	103 3/4	-0 1/4	-0 5/8	10.11
E.I.B. 13 96	200	110 1/2	111	+0 1/8	-0 7/8	11.25
Export Dev Corp 12 89	100	105 5/8	106 1/8	+0 1/8	-0 3/4	10.09
Exxon Capital Corp 0 2004	1800	13 1/4	13 3/4	0	-0 5/8	10.96
Ford Motor Cred 11 5/8 95	100	102 1/4	102 3/4	+0 1/8	-0 1/4	11.17
Ford Motor Cred 11 3/4 92	100	103 3/4	104 1/4	0	+0 5/8	10.88
Gen Elec Credit 10 1/4 90	200	100 1/4	100 3/4	+0 1/8	-0 5/8	10.18
GMAC 10 3/4 89	200	100 1/8	100 5/8	+0 1/8	+0 5/8	10.13
IBM Credit 10 3/8 2000	300	100 7/8	101 3/8	+0 1/8	-0 5/8	10.21
IBM Credit Corp 11 3/4 87	200	104 1/8	104 5/8	+0 1/8	-1 3/8	9.40
Indust Bk Japan 12 7/8 89	100	108 3/4	109 1/4	0	-0 3/8	10.18
Int-Am Dev Bk 12 3/4 91	150	109 1/2	110	+0 1/8	-0 3/8	10.55
Japan Air Lines 13 3/8 94	100	118 1/2	119	+0 1/2	+0 1/4	10.12
Kellogg Company 10 7/8 90	100	102	102 1/2	-0 1/8	-1 1/4	10.20
Kellogg Company 11 1/4 92	*100*	103 1/2	104	-0 1/4	-0 3/4	10.47
L.T.C.B. 12 7/8 91	100	110 1/8	110 5/8	0	0	10.53
Macy Cred Corp 11 3/4 95	100	105 3/4	106 1/4	+0 1/8	-0 1/2	10.70
Mellon Bank 13 87	100	105	105 1/2	-0 1/8	-0 7/8	10.10
Merrill Lynch 12 3/4 89	100	105 3/8	105 7/8	+0 1/8	-1 1/8	11.00
Minnesota 11 1/2 87	100	103 1/8	103 5/8	0	-0 7/8	9.76
Mitsui Trust 11 5/8 90	*100*	103 5/8	104 1/8	+0 1/4	+0 1/2	10.50
Montagu 13 1/4 91	100	107 3/4	108 1/4	0	-0 1/8	11.36
Morgan Guaranty 12 3/8 89	150	106 1/4	106 3/4	-0 1/8	-0 5/8	10.30
Nippon Cred Bk 13 7/8 89	100	110 5/8	111 1/8	+0 1/4	-0 1/2	10.45
Nth America 12 7/8 91	100	† 105 1/8	105 5/8	0	+0 1/8	11.37
Penney J.C. 12 3/4 91	100	106 1/4	106 3/4	-0 1/2	-1	10.79
Pru Realty secs 12 1/8 95	545	107 7/8	108 3/8	0	-1 5/8	10.78
Quebec Hydro 11 1/2 92	100	105	105 1/2	0	-1 1/8	10.24
Ralston Purina 11 3/4 95	150	105 3/4	106 1/4	0	-0 3/4	10.73
Ralston Purina 12 3/4 89	100	107 3/4	108 1/4	-0 1/8	-1 1/4	10.33
Royal Bk Can 12 3/4 92 XW	100	† 104	105	+2 3/8	+0 1/4	11.70
Saskatchewan 10 3/4 92	100	101 1/4	101 3/4	+0 1/8	-1	10.41
Saskatchewan 11 7/8 89	100	105 5/8	106 1/8	-0 1/8	-1 1/4	10.12
S.N.C.F. 12 3/8 92 XW	100	† 101 1/4	101 3/4	-0 3/8	-1 7/8	12.02
Statoil 13 1/2 89	100	110 5/8	111 1/8	-0 1/8	-0 7/8	10.12
S Wales Trsy 11 3/4 98	150	105 1/8	105 5/8	0	-0 5/8	10.28
Swed Exp Cred 12 3/4 89XW	100	106 1/4	106 3/4	0	-0 1/2	10.78
Sweden Kingdom 10 7/8 90	200	102 1/4	102 3/4	0	-0 3/4	10.19
Sweden Kingdom 11 1/2 89	200	104 3/8	104 7/8	-0 1/8	-0 5/8	10.13
Sweden Kingdom 11 3/4 94	100	106 1/2	107	0	+0 1/2	10.56
Texaco Capital 12 7/8 87	300	105 3/4	106 1/4	+0 3/8	-0 1/8	9.90
Tokai Asia 11 1/2 95	100	103 5/8	104 1/8	-0 1/4	+0 1/4	10.84
Victorian Rep 11 5/8 92	150	105 1/4	105 3/4	0	+0 1/2	10.45
Walt Disney Pro 12 1/8 87	150	† 104 1/2	105	-0 1/4	-0 7/8	10.82
Weyerhaeuser 12 1/4 87	150	104 3/8	104 7/8	+0 1/8	-0 1/4	9.88
World Bank 12 1/4 94	150	109 7/8	110 3/8	+0 1/8	-0 3/4	10.40
World Bank 12 7/8 94	200	113 1/8	113 5/8	+0 1/4	-0 7/8	10.52

Average price change On day + 0 1/8 on week − 0 5/8

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	102 7/8	103 3/8	+0 1/8	0	7.51
Austria, Republic 7 5/8 94	200	102 1/2	103	0	0	7.18
Baxter Travenol 7 1/4 94	200	102	102 1/2	+0 1/4	+0 1/4	6.90
Credit National 8 1/8 94	200	104 1/2	105	+0 1/8	-0 1/4	7.35
Degussa Int Fin 7 1/2 94	100	103 3/4	104 1/4	0	-1 3/8	6.86
E.E.C. 6 92	200	103 3/4	104 1/4	0	0	7.21
E.I.B. 7 1/4 94	300	99 3/4	100 1/4	+0 1/8	+0 1/8	7.24
Escom 8 92	150	99 1/2	100	-0 3/8	-0 5/8	8.04
Ferrovie Dello Stato 8 91	100	103 1/4	103 3/4	+0 1/2	+1 1/4	7.23
Finland Republic 7 92	200	99 1/4	99 1/2	+0 1/8	+0 1/8	7.11
Gould Int Fin 7 5/8 91	100	103 5/8	104 1/8	+0 1/8	-0 5/8	6.90
Ireland 8 1/2 92	150	102 3/8	102 7/8	-0 1/4	-0 3/8	7.82
Japan Fin Corp 7 5/8 91	100	103 3/8	103 7/8	-0 1/8	-0 1/8	6.87
Mitsubishi Hvy 3 1/2 89WW	300	119 1/4	120 1/4	+4 3/4	+9 3/4	−1.81
Mitsubishi Hvy 3 1/2 89XW	300	90 5/8	91 5/8	0	+0 1/4	6.29
Mitsubishi Met 3 1/8 89WW	100	100	101	+0 1/4	+0 5/8	3.00
Mitsubishi Met 3 1/8 89XW	100	87 1/8	87 7/8	+0 3/4	+1	6.30
Pepsico O/S Fin 7 1/4 94	*250*	102 1/2	103	+0 3/8	+0 1/4	6.81
Renfe 7 3/4 95	100	100 1/4	100 3/4	+0 1/4	+0 3/8	7.67
Renown 3 1/8 90	80	104 1/4	105	-0 1/4	+3 5/8	2.15
Reynolds O/S Fin 7 1/8 94	125	102 3/4	103 1/4	0	-0 5/8	7.02
Sociess Cent Nuclear 8 91	100	103 3/4	104 1/4	-0 1/4	+0 3/4	7.16
Sth African Tran 7 5/8 92	100	96 1/2	97	-0 1/8	-0 1/4	8.21
World Bank 7 3/4 89	*100*	102	102 1/2	-0 1/8	+1	7.02
World Bank 8 94	200	105	105 1/2	+0 3/8	-0 1/8	7.16

Average price change On day + 0 3/8 on week + 0 7/8

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6 1/4 94	100	†* 101 1/4	101 1/2	-0 1/4	-0 1/4	6.05
Asian Dev Bank 6 1/8 95	100	†* 101 3/4	102	+0 5/8	+0 5/8	5.89
Avon Cap Corp 5 5/8 94	130	†* 98 1/2	98 3/4	-0 1/8	-0 5/8	5.56
Brit land Corp 6 1/2 99	75	†* 102 3/4	103 1/2	0	-0 1/2	6.16
Council of Europe 6 92	120	†* 101 1/2	101 3/4	+0 1/4	+0 1/4	5.72
Creditanstalt 5 1/2 94	100	†* 99	99 1/4	+0 1/4	+0 1/4	5.76
Deutsche Bk Fin 5 3/8 95	100	†* 101	101 1/4	0	0	5.22
E.I.B. 5 7/8 94	120	†* 101 1/2	101 3/4	+0 1/2	+0 1/2	5.64
Eurofima 5 97	100	†* 99 1/4	99 1/2	+0 1/4	+0 1/4	5.07
Eurofima 5 1/4 98	100	†* 100 1/2	100 3/4	0	0	5.17
Export Dev Corp 5 3/8 92	125	†* 100 1/4	100 1/2	+0 1/4	+0 1/4	5.31
First Boston Inc 5 3/4 94	*60*	†* 101	101 1/4	0	0	5.59
Gen Occidentale 4 1/2 94	80	†* 103 1/4	103 1/2	+0 1/4	+0 3/4	4.06
I C Industries 5 5/8 94	125	†* 100 1/2	100 3/4	+0 1/4	0	5.53
Ind Fund Fin 5 3/4 94	40	†* 100 1/4	100 1/2	+0 1/4	+0 1/4	5.69
Int-Am Dev Bk 6 1/8 94	120	†* 102	102 1/4	+0 1/4	+0 1/4	5.82
New Zealand Govt 5 3/4 94	150	†* 102 1/2	102 3/4	+0 1/2	0	5.39
N.Zealand steel 5 3/4 96	*70*	†* 99	99 1/4	-0 1/4	-0 3/8	5.85
Oberoi Ktwk 5 3/8 95	100	†* 98 3/4	99	+1	+0 3/4	5.52
Ost Donaukraft 5 3/8 95	70	†* 99 1/4	99 1/2	0	0	5.45
Ralston Purina 5 3/8 94	125	†* 99 1/4	99 3/4	-0 3/8	-0 3/8	5.44
Santos Finance Ltd 6 94	130	†* 98 1/2	98 3/4	+0 1/4	+0 1/4	6.19
Tokyo Elec Pwr 5 1/2 93	120	†* 99 3/4	100	+0 1/4	+0 1/4	5.51
Tokyo Metropolis 5 1/4 94	*80*	†* 98 3/4	99	0	+0 1/4	5.40
World Bk 5 3/4 94	150	†* 100 3/4	101	+0 1/4	0	5.62

Average price change On day + 0 1/8 on week + 0 1/8

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	30	99 1/4	99 3/4	+0 1/8	+0 5/8	7.07
BP Overzee 7 92	17	100 1/4	100 3/4	0	-0 1/8	6.90
Fed Nat Mort 6 7/8 92	50	98 1/4	98 3/4	0	-0 1/8	7.16
Finland Republic 6 3/4 90	15	99	99 1/2	+0 1/4	+0 3/8	6.90
World Bank 6 5/8 90	25	99 3/8	99 7/8	+0 1/4	+0 3/8	6.71

Average price change On day + 0 1/8 on week + 0 1/4

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12 1/4 97 C$	125	†* 105 3/4	106 1/4	+0 1/4	-0 1/2	11.29
British Columbia 12 90 C$	125	†* 103 3/4	104 1/4	+0 1/8	-1 1/4	10.87
Can Nat Rail 12 1/2 95 C$	*100*	†* 106 3/4	107 1/4	+0 1/4	-0 5/8	11.27
Chrysler Cred 12 5/8 92C$	60	†* 102 3/4	103 1/4	-0 1/8	-0 3/4	11.90
Desjardins 12 1/2 90 C$	50	†* 102 1/2	103	-0 1/4	-0 3/4	11.73
E.I.B. 12 95 C$	75	†* 102 3/8	102 7/8	-0 1/8	-1 1/4	11.54
New Brunswick 11 5/8 95C$	75	†* 103 1/2	104	+2 3/8	+2 3/8	10.90
Giro Und Bk 10 1/2 93 ECU	60	105 5/8	106 1/8	0	-0 1/8	9.44
Rabobank 9 5/8 95 ECU	75	103 3/4	104 1/4	-0 3/8	-0 1/4	8.99
World Bk 10 1/4 89 ECU	125	104 3/8	105 3/8	-0 3/8	-0 7/8	8.82
Eurofima 7 1/2 92 FL	50	100 3/4	101 1/4	+0 1/8	-0 3/8	7.31
Philips Lamps 7 1/2 90 FL	100	101 3/4	102 1/4	0	-0 1/8	7.09
Rank Xerox 8 90 FL	100	102 5/8	103 1/8	0	-0 1/8	7.27
Van Lanschot 7 1/2 90FL	50	100 3/4	101 1/4	0	-0 3/8	7.25
World Bank 7 1/2 90 FL	150	100 5/8	101 1/8	0	-0 1/2	7.28
Gaz de France 11 1/4 00FF	500	100 1/2	101 1/4	+0 1/8	+0 1/8	11.12
American Brands 12 95 £	40	103 1/2	104	+0 1/8	-0 1/4	11.32
Amer Express 11 3/4 92 £	30	103	103 1/2	+0 1/8	-0 1/8	10.95
Australia Comm 11 92 £	40	98 1/8	98 5/8	0	-0 3/8	11.34
BP Capital 10 3/4 92 £	50	97 3/4	98 1/4	0	-0 1/8	11.14
E.I.B. 11 1/8 93 £	50	99 5/8	100 1/8	+0 1/4	+0 1/4	11.13
Inco 12 3/4 93 £	50	101 3/8	101 7/8	+0 1/8	+1 1/8	12.37
Mcdonalds 10 7/8 90 £	40	98 1/2	99	+0 1/4	-0 1/8	11.20
Norsk Hydro 11 5/8 91 £	50	101 3/4	102 1/4	0	-0 1/2	11.11
Privatbanken 11 7/8 92 £	20	99 5/8	100 1/8	0	-0 1/2	11.90
Rank Xerox 11 92 £	40	98 1/8	98 5/8	+0 1/8	+0 3/8	11.34
Royal Trustco 11 3/8 90 £	*30*	99 5/8	100 1/8	-0 1/8	+0 3/8	11.35
Ster Drug Cap 10 7/8 90 £	30	98	98 1/2	0	-0 3/8	11.24
Swed Exp Cred 11 3/8 92 £	50	100 1/4	100 3/4	+0 1/8	+0 3/8	11.24
Trusthouse Forte 11 1/8 90£	50	97 1/4	97 3/4	+0 1/8	0	11.80
World Bank 11 1/4 95 £	100	100	100 1/2	0	+0 1/8	11.20
E.C.S.C. 10 1/2 94LF	100	105 3/8	105 5/8	+0 1/4	+0 1/8	9.56
Nat Lux Alum 10 1/2 92 LF	*600*	105 3/8	105 5/8	+0 1/4	+0 1/8	9.38

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0 1/8	100 1/2	100 3/4	11/10	9 5/8	9.57
Banco di Roma 5 1/4 92	0	100	100 1/4	24/6	7.90	7.97
BankAmerica O/S 5 1/4 96	0 1/8	100	100 1/4	28/5	8.01	8.00
Bank of Montreal 5 96	0 1/8	100 1/2	100 3/4	29/7	8 3/4	8.70
Bankers Trust 5 2000	0	99 3/4	100	11/6	9.81	9.82
Bankers Trust 5 1/4 96	0 1/8	100 1/8	100 3/8	13/8	8.56	8.54
B.F.C.E. 5 1/4 99	0 1/8	100 1/2	100 3/4	13/9	10.06	10.00
B.N.P. 5 1/4 95 (July)	0 1/4	100	100 1/4	22/7	9 1/8	9.11
C.C.F. 5 1/4 97	0	99 5/8	99 7/8	22/9	10 5/8	10.65
Chase Man'tn 5 1/4 2009	*0 1/8*	99 7/8	100 1/8	5/8	8.80	8.80
Citicorp O/S 5 1/4 96 Sep	0 1/8	100 1/8	100 3/8	19/12	11.10	11.16
Credit Lyonnais 5 1/4 96	0 1/8	100 5/8	100 7/8	11/10	9.99	9.62
Dresdner Fin 5 1/4 89	0	99 7/8	100 1/8	25/5	9 3/8	9.38
Ireland 5 1/4 97	0	100 3/8	100 5/8	28/10	9.80	9.84
Ireland 5 1/4 99	0	100 1/2	100 3/4	14/8	10	9.94
Italy, Republic 5 94	0 1/8	100 1/8	100 3/8	12/11	9 7/8	9.85
Lloyds Euro 5 2004	0 1/8	100 1/8	100 3/8	18/10	9 1/8	9.10
Midland Int Fin 5 99	0 1/8	100 3/8	100 5/8	8/8	10.44	10.39
Nat West-Perp 5 89	0 1/8	100 7/8	101 1/8	13/11	9 1/8	9.03
Queensland Coal 5 1/4 96	0 1/4	100 1/2	100 3/4	12/11	9	8.94
Roy Bk Scot 5 1/4 2005 £	0	99 1/8	99 3/8	2/8	12.81	12.91
Societe Gen 5 1/4 85	*0*	† 100 5/8	100 7/8	12/10	9 1/2	9.43
Sweden Perp 5 1/4 85	0 1/4	100 1/8	100 3/8	9/7	9.44	9.41
Tokai 5 1/4 99	0 1/8	100 5/8	100 5/8	12/6	9.94	9.89
Toyo 5 1/4 99	0 1/8	100 1/4	100 1/2	14/6	9.81	9.78

Average price change On day 0 on week − 0 1/8

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	96 1/2	97 1/2	-1 1/8	−2.86
Fanuc 3 3/4 98	1/84	7032.3	146 7/8	148 1/8	-0 5/8	36.93
Fujitsu 3 99	5/84	1320.9	84 5/8	85 5/8	-1 1/4	15.07
Kumagai Gumi 3 1/2 2000	3/85	800	113 7/8	114 7/8	-0 1/8	1.20
Marui 3 1/2 99	*7/84*	*1182*	100	101	-1 1/2	−3.30
Mitsubishi Elec 2 7/8 00	3/85	422	91 5/8	92 5/8	+0 1/2	−2.21
Murata 3 1/2 98	2/84	2351.2	98 1/2	99 1/2	+0 7/8	26.03
Murata 3 1/2 2000	7/84	2398	97 1/2	98 1/2	+1 1/2	28.17
Nippon Elec 2 7/8 2000	1/85	1295	93 7/8	94 7/8	-1	26.56
Nippon Oil Co 3 2000	5/85	923	97 5/8	98 5/8	-0 3/8	3.09
Nippon Oil Co 3 1/4 99	*3/84*	*1052*	86 3/4	87 3/4	-0 5/8	12.51
Oki Elec Ind 3 1/2 99	10/84	805	89 1/4	90 1/4	+1 1/4	20.81
Orient Leasing 5 1/4 98	6/83	2680	108 1/4	109 3/4	+0 1/8	−1.95
Sekisui House 3 99	6/84	612	107 1/2	108 1/2	+0 3/8	2.01
Sony Corp 2 2000	5/85	4578	90 1/8	91 1/8	+0 1/8	−0.51
Sumitomo Corp 2 7/8 99	5/84	593	114 3/8	115 3/8	+0 1/2	0.03
Taiyo Yuden 3 1/4 2000	*3/85*	*1078*	88 5/8	89 5/8	-0 1/4	−0.66
Takeda Riken 3 3/8 2000	10/84	7683	84	86	-0 1/4	12.62
Tokyo Sanyo Elec 3 1/2 99	12/84	772	94	95	+0 3/8	4.52
Toshiba Ceramics 3 2000	4/85	1734.2	86 1/2	87 1/2	-0 1/8	−0.76
Nippon Oil Co 2 5/8 92 SF	3/84	1052	†* 102 1/2	103	+0 3/8	12.61
Nippon Shinpan Co 2 92 SF	3/84	801	†* 104	104 1/4	+2 1/4	13.72
Settsu Paper 2 1/4 92 SF	*4/84*	*677*	†* 150	152	0	11.96
Asics 5 92 DM	12/83	520	107 3/8	108 5/8	-0 1/2	29.05
Sun Realty 6 1/4 92 DM	2/83	338	257	258	+1	−1.72

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Singapore to restructure ship-repairing industry

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S two principal ship-repair companies, Keppel Shipyard and Sembawang Shipyard, have appointed an outside consultant to advise on a major rationalisation of the whole recession-hit industry in the island state.

Keppel said yesterday the appointment — the firm's name and nationality remain a secret — had been agreed by all of Singapore's five biggest yards and that any proposals will have to be agreed by them before being implemented.

The rationalisation will be the first since the industry began in the 1960s, and some believe it is long overdue. Even now, the consultant's findings will only be produced by the end of the year, which means implementation will begin in 1986.

The yards have nevertheless met around a table already to discuss capacity cuts in a sector which has become the most important manufacturing activity in Singapore after oil refining and electronics.

Singapore currently has about 2.8m dwt in dock capacity for ship-repair, but business slumped to S$668m (U.S.$300m) last year from the 1981 peak of S$1.09bn after the world recession and reversal in oil trends hit tanker and bulk carrier trade. If shipbuilding and oil-rig construction are also included, turnover has more than halved from S$2.4bn in 1981 to S$1.13bn last year.

In these circustances Keppel and Sembawang, both state-owned companies, have ended up battling not only each other for business but also two other yards which have a minority government shareholding — Jurong Shipyard and Mitsubishi Singapore Heavy Industries—as well as the privately-owned Hitachi Zozen Robin Dockyard.

The Singapore Government, recognising the absurdity of this situation in a climate where foreign competition is intense, finally stepped in this year to encourage a rationalisation. Discussions so far are said to have focussed only on capacity utilisation, and have not yet included prices.

Reports in the local press have said that the Government is considering selling its 44 per cent stake in Mitsubishi Singapore Heavy Industries, but no mergers are in prospect yet.

Some yards, most recently Sembawang, have meanwhile begun tailoring their workforce to their business and started retrenching workers. More lay-offs are in prospect.

Bid to reform rural banks in Philippines

By Samuel Senoren in Manila

AFTER SUCCESSFULLY negotiating a $10bn debt restructuring with more than 400 international banks last month, the Philippine monetary authorities are redirecting their efforts towards strengthening the financial system which is facing its worst crisis in 40 years.

Topping the priority list is the rural banking system, a key component of the agriculture sector in which major policy reforms have been demanded by the International Monetary Fund as a condition for continued support to the Philippines.

For two years rural bankers have themselves been openly agitating for both structural and financial reforms, though their demands went unheeded largely because the financial authorities were forced to concentrate on tackling mainstream economic problems, notably the nation's debt.

With 940 independent operating units throughout the Philippines, the rural banking network is the principal source as well as conduit for government funds into agriculture under a supervised credit programme. Although combined resources reached only 9bn pesos in 1984, against 288.5bn pesos ($15.6bn) for the commercial banks, the rural banks enjoy a remarkably special role and sphere of influence in the communities they serve.

Deterioration

Many rural banks, confronted by a serious loan problem, are finding it difficult to survive. Bad debts rose to an average high of 36 per cent of total loans in 1984, against only 22 per cent in 1983. For the commercial banks, the ratio of delinquent accounts to total loans has been estimated at 25 per cent.

Such a deterioration in the quality of loan portfolios reflects the sad state of the Philippine economy in general, and of agriculture in particular. Agriculture tends to account for about 80 per cent of the banking system's total advances.

In turn, the low repayment rate has adversely affected the liquidity and viability of the system. In 1984, an estimated 85 per cent of rural banks had due obligations with the central bank.

About 25 per cent of banks managed to return on investment of over 10 per cent, while about 30 per cent incurred losses. The rest just about broke even.

What the bankers want now is for their obligations with the central bank to be restructured over a 10-year period with five-year grace.

There is little chance that such a request would be considered by the central bank. Cesar Virata, the Prime Minister, has said the Government would consider other options to revitalise the rural banking system.

Failures

What these options are is not clear, although Mr Virata has been an advocate of merging rural banks into bigger units in an attempt to make them more viable.

At the end of 1984, 85 banks were already facing liquidation or were under receivership, and more are expected to fail. Rural bankers pinpointed at least half a dozen major causes.

A number of them involved tight central bank policies on rediscounting and emergency lending. The central bank, rural bankers say, is too slow to react to requests for liquidity assistance. Furthermore, they claim to be subjected to high reserve requirements against deposit liabilities which constrict bankers' ability to mobilise deposit resources.

They also blame the Government for not meeting a commitment to match, on a one-to-one ratio basis equity put up by investors. The national government's support programme is hampered by budgetary constraints now that spending now that spending limits are carefully monitored by the IMF.

Clearly, whatver moves are offered to solve the problems would require remedial legislation.

Rivetti family's textiles group plans Milan quote

BY ALAN FRIEDMAN IN MILAN

GRUPPO Finanziario Tessile (GFT), one of Italy's largest clothing and textiles manufacturers, is planning to seek a quotation on the Milan bourse and is to offer up to 25 per cent of its shares.

The company, which produces and distributes under its own brand names and for designers such as Armani, Valentino and Ungaro, is controlled at present by the Rivetti family.

GFT last year saw its consolidated net profit rise by 31.6 per cent to L25bn ($12.6m) on turnover 23 per cent up at L710bn.

Some 52.3per cent of turnover came from Italy last year, while 23.4 per cent stemmed from North America.

GFT is putting together plans for a consortium to underwrite the share issue, but a listing is not expected before next year.

Total net debt at the end of 1984 amounted to L26bn, compared with shareholders' funds of L90.5bn.

● **La Zincocelleri**, an electronic components subsidiary of the **Olivetti Group**, is to seek a listing on the Milan Bourse by offering 31 per cent of its shares to investors who already hold Olivetti shares. The flotation, which would involve the sale of 25m shares of L500 par value apiece, would raise L12.5bn ($6.4m).

Elders in A$143m resource assets deal

By Michael Thompson-Noel in Sydney

ELDERS-IXL, one of Australia's biggest companies, is pumping all its natural resource assets into a new company, Elders Resources, to be formed through the restructuring of Mungana Mines, a listed gold exploration group. The deal is worth approximately A$143m (US$94.4m).

The interests include 20 per cent of Bridge Oil and 15 per cent of Kidston Gold Mines, Australia's biggest active gold producer.

Mr John Elliott, Elders' managing director, said in Melbourne yesterday that by freeing about A$60m in cash with the deal, Elders will have realised more than A$600m in sales of assets since its purchase of Carlton and United Breweries 18 months ago.

Elders will control between 40 and 49 per cent of Elders Resources. If its shareholders agree, Mungana will acquire all Elders' resource interests for A$143m by way of a A$49.7m placement to Elders, a A$51.6m four-for-five rights issue, and a A$50m preference share issue.

The interests include 24.34m Bridge Oil shares at A$2.50 each (A$51m); 18.75m Kidston shares at A$3.61 each (A$67m); and 4m City and Suburban Properties shares at A$2.10 each (A$8.4m).

Existing Mungana shareholders will have the opportunity of selling their shares at A$1.25 each.

Elders-IXL will now be simplified into four main operating divisions: pastoral, brewing, international and finance.

Telefonica of Spain holds dividend as profits soar by 18%

BY DAVID WHITE IN MADRID

COMPANIA TELEFONICA Nacional de Espana, the semi-state telecommunications giant which is preparing for the listing of its share in London and other European exchanges, has reported a 1984 net profit of Pta 32.62bn ($186m), an increase of 18.5 per cent over the previous year's result of Pta 27.54bn.

Sr Luis Solana, chairman, said the company would propose an unchanged dividend of 11 per cent to the annual general meeting next Monday.

Turnover last year rose by over 17 per cent to Pta 381bn.

Trading in Telefonica shares is scheduled to start later this month in London, followed by Paris, Edinburgh and Frankfurt. Sr Solana said that as a result of commitments already made, this would mean a foreign shareholding of 13 per cent in the company. He added that this might progressively increase to the current limit of 25 per cent laid down in Telefonica's statutes.

Telefonica is involved in several key electronics projects with foreign partners, notably as a minority partner in a joint computer venture agreed recently with Fujitsu of Japan and in a planned microchip production facility due to be set up by American Telephone & Telegraph.

Sr Solana said the AT & T project, which has been at the centre of a quarrel between Washington and Madrid over the possible military application of technology re-exported to the Soviet bloc, was still awaiting U.S. approval but that he hoped for a final agreement in the next two months.

Laly to issue shares as prelude to London listing

BY FAY GJESTER IN OSLO

LALY, the Norwegian investment company, is seeking a major injection of fresh capital through a NKr 250m ($28.2m) share issue.

The issue has been underwritten by a consortium led by Sundal, an Oslo broker, and Samuel Montagu of the UK. Subscriptions open tomorrow and the issue will be marketed both in Oslo and in London, with the long-term aim of securing a London listing. The company is already listed in Oslo.

Laly, until recently a tiny, debt-burdened shipping company has since become the vehicle of two brothers, Wilhelm and Arne Blystad, both of whom have been active in take-over deals on the Norwegian market. Their initial investment in Laly was around NKr 4m. Last month a private placement of around 5.87m shares to Blystad's group interests increased capital to NKr 300m.

The company's largest single asset at present is a 36 per cent stake in Investa, the Norwegian investment and industrial group which is the Bergen-based Vesta insurance company.

UK COMPANY NEWS

Beecham's £38m rise disappoints

SHARP improvements by both its pharmaceuticals and consumer products divisions enabled the **Beecham Group** to lift its 1984/85 pre-tax profits from *£267.9m to a record* £306.1m. Turnover improved by £345m to £2.29bn.

However, the results disappointed the market and Beecham's shares closed 28p lower at 350p.

Included for the first time were contributions from Roberts Consolidated Industries, Dr Lo. Zambeletti S.p.A. and Copydex from the date of their respective acquisitions.

The effect of consolidating these and other minor acquisitions was to increase the group's turnover and pre-tax profits by £134m and £4m respectively after covering their associated financing costs, estimated at £15m.

Earnings for the 12 months to *March 31 1985 came through at* 23.88p (22.76p) on a net basis and a final dividend of 6.2p (5.6p) raises the net total from 10.2p to 11.3p per 25p share.

A divisional breakdown of turnover and pre-tax profits shows pharmaceuticals £685.5m (£553m) and £146.9m (£130.1m) and consumer products £1.63bn (£1.39bn) and £174.6m (£140.8m) from group companies and profits of £8.1m (£8.7m) from related companies.

Geographically, the figures broke down as to UK *£731.2m* (£675.6m) and £102m (£86.8m), rest of Europe £597m (£493.1m) *and £55m (£71.8m), the Americas* £825.4m (£606.5m) and £102m (£73.3m), Asia and Australasia £190.4m (£195.4) and £24.8m (£31.2m) and Africa £50.8m (£57.1m) and £7.7m (£7.8m). Intra-group sales accounted for £105.7m (£88.7m).

Pre-tax profits were struck *after taking account of an £11.8m* rise in net interest charges to £23.5m. Tax accounted for £131.3m (£105.2m) and minorities for £1.2m (£0.9m).

The available balance emerged at £173.6m, compared with a previous £161.8m, an increase of 7.3 per cent. Ordinary dividend payments will absorb £83.5m (£73.5m).

The acquisition of British-American Cosmetics was completed *in January* this year and the results of this business for the three months to March 31 will be included in the group's consolidated accounts for the current year.

The offer to acquire UniBond (Holdings) became unconditional at the end of March and the group's results do not include any figures in respect of this acquisition.

At March 31, 1985, group loans falling due after more than one year had increased by £81.3m to *£349.3m* and net *liquid* funds showed a reduction of £64.2m, but still amounted to £186.5m.

The directors explain that the increase in borrowing and the reduction in net liquid funds was mainly due to financing acquisitions and the translation effect of currency movements, particularly *on U.S. dollar-denominated* debt.

During 1984-85 research and development spending rose from *£70m to £78m, including £61.1m* on the pharmaceuticals side.

Group profits were affected by something like £10m from the *pharmaceutical price cuts* imposed in Japan and about another from the economic problems of Nigeria. Currency gains came out at £11m—they would have been £30m if the totals had been struck in January when the dollar was at its peak.

Growth in North America had been "dramatic." The U.S. now accounts for just over a third of Beecham's profits and is overtaking the U.K. with its proportion expected to increase.

Commenting on the results Mr Ronald Hallstead, the chairman, said the pharmaceuticals operations had "been through their trough," and "I think we will see a much better future in the next few weeks."

Beecham was still looking for *growth in antibiotics althiugh* more than half of its research spending is now going on non-antibiotics, such as a drug for dispersing a blood clod in a heart attack and another for the treatment of arthritis.

See Lex

Mr Ronald Halstead

Rowlinson up slightly at £769,000

Pre-tax profits of **Rowlinson Securities** rose slightly from £762,574 to £769,033 in the year to March 31 1985. The board says the result would have been *better but for the* building contracting division which had a disappointing year.

In 1985-86 the board anticipates profits will be at least maintained and *for the first time in* a number of years, there is the possibility of some improvement.

After-tax earnings improved from 4.77p to 5.49p per 10p share and the dividend is maintained at 0.65p net with a final of 0.46875p (same).

Turnover amounted to £8.69m (£9.58m).

M & G Second Dual

After-tax revenue of M & G **Second Dual Trust** increased from £854,465 to £964,785 for the year to May 31 1985. Earnings per 10p income share were 9.65p (8.54p) and the final dividend is 4.75p net for a total payment up from 8.54p to 9.65p. Gross revenue came to £1.38m, *compared with £1.22m.*

Asset value per 4p capital share was ahead from 139.8p to 209.5p at the year end.

Bassett boosted by acquisition

DESPITE higher interest charges **Bassett Foods** raised its 1984-85 profits by £343,000 to £2.8m at the pre-tax level.

The results for the 52 weeks to March 29 1985 included those of Ernest Jackson, acquired last November, for the full year under merger accounting principles.

Jackson has met, and is continuing to meet, the directors' *expectations* and with the group's overseas companies starting the current year well early indications are that Geo Bassett is "performing to plan."

For the past year group sales pushed ahead from £65.03m to £69.35m. The UK take was up from £48.85m to £55.44m but the overseas companies' contribution fell by some £2.26m to £13.92m.

UK trading profits reached £3.07m (£2.83m) and overseas £384,000 (£153,000). Interest charges accounted for £617,000 (£457,000) and the employee share scheme £40,000 (£65,000).

Tax took £165,000 (£306,000) to leave net profits at £2.64m, against a previous £2.15m.

Minorities absorbed a same-*again £2,000 and earnings amoun*ted to £2.63m (£2.15m), equal to 19.39p (17.75p) per 25p share.

A final dividend of 5.04p (4.55p) lifts the net total from 5.6p to 6.72p, an increase of 20 per cent.

The directors say 1984-85 was a busy and varied year for the group. It started with the lapsing of the Avana bid in April, followed by a hot summer with its attendant problems for confectionery production and sales, continued with the divestment of Bassett Svenska and the acqui*sition of Ernest Jackson* in the autumn and finished with a flat post-Christmas trading period.

They add that there is no rea*son to believe 1985-86* will be any less busy and varied and "we look to make further progress in the current year."

In the UK Geo Bassett & Co's performance was affected by the cost of new product launches, and the short term effects of commissioning new plant and equipment—the directors say these investments will yield benefits in the future.

Overseas, B.V. De Faam in Holland continued to make steady progress, and the reorganisation of Rouger, completed during the year, elimi*nated last year's trading loss in* France. Wilkinson-Spitz (U.S.) had an excellent year. Bassett Confectionery Deutschland maintained margins on increased sales.

● comment

Bassett *may have accomplished* the earlier targets it set itself when thwarting the Avana bid last year but there is no disguising the fact that yesterday's full year figures are disappointing. The market had been looking for pre-tax profits of £3m and in that light £2.8m may not seem a particularly poor result. But the profit is struck after a reduction in the pension contribution of close to £400,000 and a maiden £350,000 from Jacksons. Take *those out of a second half profit* of £1.3m and the underlying trend takes on a very different complexion. The final quarter was difficult for the whole sector but Bassett seems to have endured a particularly bloody time. So it is surprising that the price managed to hold at 183p *yesterday, a fall of just 4p.* Profits this year should reach £3½m or so but an increased tax charge and the extra equity against the Jackson deal could leave earnings lower at, say, 17p a share. The prospective p/e of just under 11 is really only justified by expectations of a bid and Bassett *is one of the few* ways for a predator to win a well oiled distribution network into the CNT (newsagent) market.

Body Shop near to £1m at six months

Body Shop International, which came to the USM *a little over a year ago, saw its* profits before tax surge to £981,000 in the six months to March 31, 1985.

The figures fell just £63,000 short of total reported for the 1983-84 year and beat the profits for the corresponding six months of that year by £629,000.

Mr Gordon Roddick, the chairman of this West Sussex-based skin and hair care preparations concern, tells shareholders that the second six months should see a continuation of controlled growth within the group.

A maiden interim dividend of 1.2p per 5p share is being paid—in January the directors said they intended to recommend a total payment of not less than 2.7p (1.5p), an improvement of 0.5p on the *prospectus forecast.*

Mr Roddick says that growth in the UK continued in line with expectations and that Christmas sales reached a record.

Export sales moved ahead rapidly with "particularly gratifying" results from *Australia and Canada.* A decline in the value of the pound against the Canadian dollar since the group began trading in that country has given rise to considerably increased sales from that sector.

The group's current shop opening programmes are on target and detailed planning consent has been granted for a new warehouse in a position *less than* a mile from the current site. It is expected to be operational by mid-1986.

Turnover for the opening six months improved from £2.07m to £4.33m. Tax calculated at 42½ (47½) per cent rose to £417,000 (£167,000) to leave net profits at £564,000, compared with £185,000.

Earnings per share emerged at 11.29p, against a previous 3.71p.

The group was started by Mr Roddick and his wife, Anita, some nine years ago. Some 20 per cent of the equity was placed on the market in 1984.

● comment

It is a rare thing when a company reporting a 178 per cent increase in profits is greeted by a 55p fall in its share price. But Body Shop is no ordinary company, and the market, having set its sights on a pre-tax figure of over £1m, had chased the shares up by £2 in three weeks to a peak of 850p, and so was inevitably disappointed by the outcome. The real question now is whether Body Shop can continue to expand fast enough to justify its giddy rating. The shares, *back to 735p, are trading on* a multiple of 35 on the assumption that the company makes £1.8m for the full year (the second half tends to be weaker) after a 42 per cent tax charge. With 62 shops now open in the UK, the number of new ones that can be usefully added may not be great. No doubt there is still plenty of room for more expansion overseas, but *the shares are ill-prepared for* any accidents. The market is very tight indeed, and anything but the best news from the company could send the price down with a bump.

Tesco meets its estimate with 21% rise to £81m

Tesco, *the multiple retailing* group, has turned in 1984-85 results in line with its estimates given in April at the time of the £145m rights issue. Pre-tax profits for the year to February 23 rose 21 per cent from £67.4m to £81.3m, on turnover, excluding VAT, up 16 per cent to £3bn, against £2.59bn.

As reported two months ago, turnover has been satisfactory with a volume gain of approximately 8 per cent. Productivity initiatives have continued with a further reduction in labour costs as a percentage of turnover.

The final dividend, as predicted, is 3.1p net, which raises the total from 4.1p to 4.85p per 5p share.

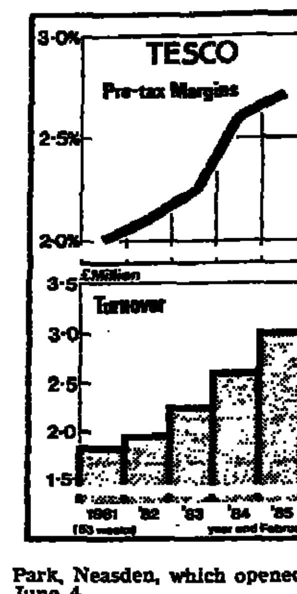
The net surplus on property sales increased from £5.2m to £8.7m. Earnings per share, excluding this item, were 15.07p (12.67p) or 17.84p (14.22p) including it. Last year, there was also a £20m extraordinary charge for a deferred tax provision.

Nine new stores, together with two new extensions, were opened during the year, creating 350,000 sq ft of new selling area. Some 31 smaller stores were closed representing 300,000 sq ft.

The opening programme for 1985-86 comprises 14 new stores plus an extension, which will create 500,000 sq ft of new selling area. This includes the group's 100th UK superstore at Brent Park, Neasden, which opened on June 4.

Operating profits climbed from £68.9m to £81.7m, before interest charges of £0.4m (£1.5m). Net margins were up from 2.6 per cent to 2.71 per cent.

Tax took £30.3m (£24.7m). The rate of tax has increased from 36.6 per cent of pre-tax profits last year to 37.3 per cent this time. This was as a result of the effects of the 1984 Finance Act, involving reduced rates of capital allowance and the abolition of stock relief which were not fully offset by the benefit of a lower corporation tax rate. This year's *effective rate of tax has* also been reduced by a prior year credit of £2m—the effective rate of corporation tax for 1985-86 is estimated at 39 per cent.



The market's response to yesterday's preliminary statement from Tesco was churlish in the extreme. The group duly made a touch more profit than it had forecast in the April rights issue document and *fleshed out* the figures with reassuring comments about current trading. It may be that yesterday's 10p fall *in* the share price to 245p reflected concern about the effect of Asda's selective price cuts; more probably, the market took another look at Tesco's *capital spending plans and shield* away. This year the company will add roughly 500,000 sq ft to its selling area—before taking account of closures—at a cost of over £200m. That may be ambitious, but Tesco is still edging up its net margin and achieving useful volume growth in its new outlets. Pre-tax profits should grow by more than a third to around £112m this year, so the historic earnings multiple of 16 times looks conservative to say *the least.*

Dominion advances to £9.3m

PROFITS HAVE risen for the fourteenth consecutive year at **Dominion International Group**, with all three divisions—property development, natural resources and financial services—recording increased results.

Group pre-tax profits for the year to March 31, 1985, climbed by 40 per cent from £6.59m to £9.26m, on turnover 46 per cent higher at £45.21m, against £31.03m. This year's figures have been calculated on a merger accounting basis with 1983-84 results restated in accordance with SSAP 23.

The major acquisition of the year under review was last September's purchase of Anglo-International Investment Trust for some £15m, which involved the issue of 15.8m new Dominion shares.

Mr Max Lewinsohn, the chairman, says the effect of the acquisition has been a substantial improvement in group liquidity and despite a number of other significant investments for cash, net debt at the year end represented only 35 per cent of shareholders' funds.

Prospects for the current year are excellent, he states, with all three divisions well placed to grow organically.

Fully diluted earnings per 20p share emerge at 13.43p, compared with a restated 10.42p, while basic earnings rose from 11.48p to 14.67p. *The dividend* total is raised by 0.2p to 5p net with a final of 2.8p.

Tax took £1.45m (£1m) and *minorities accounted for £1.21m* (£0.76m) leaving the attributable balance up from £4.83m to £6.6m. There was also an extraordinary charge this time of £0.31m.

Property development profits rose £1m to £3.33m, on turnover of £21m (£14.37m). The number of new homes completed *and* sold increased by more than 40 per cent. Dominion is currently selling from 17 sites in the South East and the Midlands, with an increasing emphasis on quality retirement homes. Current high mortgage rates will not deter expansion as Dominion is not in the first-time buyer market.

On the commercial side, the emphasis over the past year has been on improving lettings and rentals. The investment portfolio now approaches £30m and gross rental income is approximately £2.5m. A number of new lettings and rent reviews are due this year, which will also benefit from the first full contribution from completed developments at Leatherhead and Marlow.

Natural resources profits jumped to £3.16m (£1.65m) on £9.01m (£3.63m) turnover. Southwest Resources, in which *Dominion's stake was raised* during the year to just under 60 per cent, reaped the benefits of past investment in both U.S. exploration and production. Average net monthly oil production was 35 per cent higher and gas production 78 per cent higher at 7,200 barrels and 84m cu ft respectively.

Record profits of £3.57m (£3.21m) were achieved by financial services, despite the impact of the 1984 Finance Act which materially reduced the scope and profitability of Dominion's friendly society related business. To compensate, new products and a broader business base have been successfully developed, while Dominion's lease purchase and consumer finance businesses both enjoyed strong growth.

● comment

It had looked as if the financial services division was going to *let Dominion down. The* 1984 Budget seriously dented sales of insurance-linked products for friendly societies and at the interim stage profits from that sector were £350,000 lower. With the help of new products and some small additions to its group of activities, however, *growth has been achieved for* the year as a whole. The market had already seen the figures from Southwest Resources so there were no surprises there while the property side has produced a profit above most expectations. So overall the group has turned in a creditable *result from its three-legged mini*-conglomerate. Expectations for this year are already grouped around £11½m to £12m pre-tax *for a prospective p/e of under* 6 at 95p. With a sound balance sheet (thanks to the disguised rights issue from the investment trust takeover) and a good profits record it is surprising that the shares are so modestly rated.

Slaters Food slightly down

HIGHER INTEREST charges have reduced pre-tax profits at **Slaters Food Products** from £503,000 to £486,000 for the year *to March 29, 1985.*

At the interim stage profits of £251,000 (£282,000) had been achieved, and Mr D. Cooper, the chairman, believed that the results for the year would show an improvement over the previous year.

The final dividend is unchanged at 1.3p, and maintains the total for the year at 2.2p. Mr Cooper is waiving the final on 2.81m shares. Stated net earnings per 10p share are shown higher at 9.3p (8p). The company's shares are traded on the USM.

Turnover for this Manchester-based manufacturer and distri*butor of fresh and frozen meat* products increased by £4.63m to £15.05m, and the chairman says that turnover is continuing to increase. This, together with lower raw material prices and the benefits from capital expenditure coming through, makes the board confident of an increase in profitability *for the* current year.

From an operating profit this time of £718,000 (£598,000), interest payments were substantially higher at £232,000.

LADBROKE INDEX
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DDT moves ahead 51%

IN ITS first financial year since joining the USM last July, **DDT Group** reports a 51 per cent *increase in pre-tax profits,* from £472,555 to £712,734.

For the year to end-March 1985 this supplier of third party microcomputer maintenance increased turnover by 28 per cent to £6.82m against £5.31m, generating a gross profit of £2.03m (£1.45m). At the halfway *stage taxable profits of* £145,000 had been achieved on turnover of £2.62m.

Mr James Crook, the chairman, says that the customer base is expanding, with the group gaining new customers at an average of 60 to 80 per month. It is obtaining an increasing number of major accounts from the top 1,000 UK companies.

Looking to the future, he says that to service this increased volume of business the group is planning to make strategic acquisitions to complement and strengthen its comprehensive UK service network. He sees the year ahead as one of dynamic and profitable expansion.

As forecast at the time of its USM placing, the directors are recommending a single final divi*dend of 1p net. Stated earnings* per 5p share have increased by 32 per cent to 9.5p (7.2p).

Mr Crook says that during the year the group expanded its field staff by 50 per cent and opened branch offices in Warrington and Belfast. He assesses the potential UK third party maintenance market at £85m, and as the group is one of the UK's leading suppliers says it is well placed to retain and increase its market share.

The hardware sales company *maintained its previous profit* conditions, and reflects the continuing demand for the group's highly specialised products, the chairman says. He expects *profit levels to be maintained in* the current year.

Distribution costs were £608,093 (£417,215), and administrative expenses £708,606 (£516,477). Interest received less payable, and similar charges, amounted to £3,103 this time (debit £32,955).

Tax was £246,816 (£124,711), leaving attributable profit at £465,918 (£347,844).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bassett Foods†	5.04	Aug 1	4.55	6.72	5.6
Beecham*	6.2	Aug 21	5.6	11.3	10.2
Bodyshop‡ ....int.	1.2	Aug 8	Nil	—	1.5
Bradford Property	5.25	—	4	8.5	6.8
CJR Pacific	0.35	July 19	—	0.35	—
Chemring ....int.	5	July 5	3.5	—	10
DDT Group‡	1	—	—	1	—
Dominion Intl.	2.8	Aug 2	2.6	5	4.8
Gee/Rosen‡	1	July 29	—	1.5	—
Globe Investment	6.15	July 25	5.25	9.9	9
M & G Second Dual	4.75	July 16	4.04	9.65	8.54
Raeburn Inv. ....int.	3.6	Aug 12	3.25	—	9.5
Rowlinson Secs.	0.47	—	0.47	0.65	0.65
Slaters Food‡	1.3	—	1.3	2.2	2.2
Sound Diffusion	0.42	Aug 6	0.35	0.42	0.35
Tesco	3.1	Aug 2	2.6	4.85	4.1
Valor	3.37	Oct 4	2.93	4.6	4

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Bnt. Ind. Ord.	148	—	6.6	4.3	8.1	9.6
151	135	Ass. Brit. Ind. CULS	150	—	10.0	6.6	—	—
77	51	Airsprung Group	52	—	6.4	12.3	5.6	6.8
42	26	Armitage and Rhodes	37	—	2.9	7.8	4.6	7.7
158	108	Bardon Hill	158	+1	3.4	2.2	15.7	26.1
60	42	Bray Technologies	60	+1	3.9	6.5	7.3	8.5
201	161	CCL Ordinary	163	—	12.0	7.4	4.0	3.8
152	105	CCL 11pc Conv. Pref.	105xd	—	15.7	14.9	—	—
124	10	*Carborundum Ord.*	124	+2	4.9	4.0	6.1	9.6
88	83	Carborundum 7.5pc Pf.	83xd	—	10.7	12.9	—	—
73	46	Deborah Services	46	—	8.5	14.1	4.4	7.1
334	182	Frank Horsell	334	+2	—	—	13.4	17.8
288	170	Frank Horsell Pr.Ord.87	286	+2	9.6	3.6	10.7	14.0
32	25	Frederick Parker	29	—	—	—	—	—
60	33	*George Blair*	60	—	—	—	4.0	8.0
50	20	Ind. Precision Castings	25	−1	2.7	10.8	5.8	7.4
218	180	Isis Group	180	—	15.0	8.3	7.1	12.9
124	101	Jackson Group	108xd	—	5.5	5.1	7.2	7.2
285	213	James Burrough	230xd	—	13.7	6.0	8.2	8.2
93	83	James Burrough 8pc Pf.	90	—	12.9	14.3	—	—
94	71	John Howard and Co.	84	—	5.0	5.3	7.5	11.8
225	100	Linguaphone Ord.	223	−1	—	—	8.2	8.5
100	92	Linguaphone 10.5pc Pf.	92xd	—	15.0	16.3	—	—
650	300	Minihouse Holding NV	628	—	6.9	1.1	27.4	26.1
120	31	Robert Jenkins	65	+1	5.0	7.7	—	—
60	28	Scruttons "A"	34	—	5.7	16.8	17.9	4.1
92	61	Torday and Carlisle	75xd	—	5.0	6.7	3.8	6.9
444	330	Trevian Holdings	330	—	4.3	1.3	18.8	18.4
30	17	Unilock Holdings	30	—	1.3	4.3	14.8	21.0
104	81	Walter Alexander	104	—	7.5	7.2	10.3	12.5
247	216	W. S. Yeates	230	—	17.4	7.6	8.5	11.3

Prices and details of services now available on Prestel, page 48146

Public Works Loan Board rates

Effective June 12

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
1	—	—	11¾	—	—	12½
Over 1, up to 2	11¾	11¾	11⅝	12¼	12¼	12⅜
Over 2, up to 3	11⅝	11⅝	11½	12⅛	12⅛	12¼
Over 3, up to 4	11⅝	11⅝	11½	12⅜	12⅜	12¼
Over 4, up to 5	11½	11½	11½	12¼	12¼	12¼
Over 5, up to 6	11½	11½	11½	12	12	12
Over 6, up to 7	11½	11½	11½	12	12	12
Over 7, up to 8	11½	11½	11½	12	12	12
Over 8, up to 9	11½	11½	11½	12	12	12
Over 9, up to 10	11⅜	11⅜	11⅜	12	12	11⅞
Over 10, up to 15	11⅜	11⅜	11⅜	12	11⅞	11¾
Over 15, up to 25	11¼	11	10⅞	11⅝	11⅝	11⅝
Over 25	11	10⅞	10⅞	11½	11⅜	11½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Pilkington up to record £116m

Pilkington Brothers, glass manufacturer and processor, lifted pre-tax profits by 31 per cent from £88.3m to a record £116m for the year to March 31, 1985. The improvement was attributed to the continuing recovery of UK trading results, increased licensing income and excellent results from the U.S. associate, Libbey-Owens-Ford.

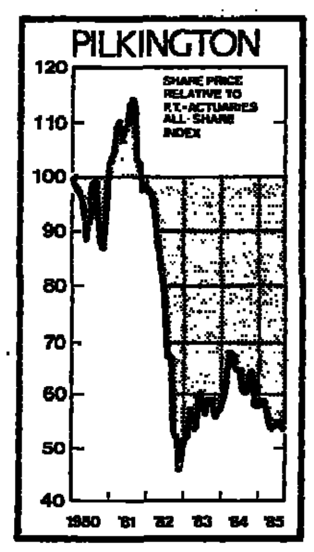
Earnings per £1 share were up from 13.3p to 21.8p — an increase of 64 per cent. The second interim dividend is raised by 1p to 7.5p making a total net payment of 12.5p (11.5p). It is proposed that shareholders will be given an opportunity to elect to take their dividend in cash or new shares in the company.

Mr Antony Pilkington, the chairman, says there is continuing improvement in UK productivity. The overseas companies should continue to perform well with the group making further progress through beter productivity and improving margins.

There will, however, be exceptional UK redundancy costs as restructuring is completed. Agreed redundancies will cost about £20m in 1985-86.

UK operations recorded the first trading profit after redundancy costs — £4m — since 1980. This compared with a £7.6m loss previously. Trading surplus before redundancies was up from £5.9m to £13.6m. Redundancy costs still high at £9.6m (£13.5m) reflect the on-going emphasis on improved productivity.

Mr Antony Pilkington



Overseas activities had another satisfactory year, says Mr Pilkington, with slightly lower profits of £82.8m (£84.3m) after redundancies of £0.3m (£2m). There were improved performances from Germany, Australia and Brazil. South African results were lower than the high levels of previous years, but were still good, he says. Scandinavian results suffered from the difficult trading conditions in that area.

Licensing income and technical fees increased by £6.3m to £30.3m reflecting a combination of improved sales by group licensees and a rise in fees received for technical know-how.

Share of related companies profits rose substantially from £20.3m to £28.9m, largely because of record results from Libbey-Owens-Ford.

Group trading profits were stated after charging an additional £32.3m (£33.7m) to replacing tangible assets at current cost. Using a historical depreciation charge, pre-tax profits were £148.3m (£122m) and earnings per share were 36.9p (29.6p).

External sales advanced from £1.21bn to £1.23bn. Total trading profits came out at £86.8m (£76.7m). Interest, less investment income, took £30m (£32.7m). After tax up from £51.6m to £64.3m, net profits were £15m higher at £51.7m.

Minorities accounted for £11.7m (£13.5m) and extraordinary charges of £6.4m (£3.8m) left the attributable balance at £33.6m, against £19.4m. Dividends absorb £24.5m (£19.5m).

The extraordinary items comprised £0.3m pre-operational charges and £8.1m works closures, less £2m profits on the sale of subsidiary related companies.

The last stage of the UK redundancy programme is to be accelerated through a special once and for all scheme available to those employees in redundant jobs. The effect of this initiative is to concentrate the cost of redundancy.

Capital expenditure in the UK was £38m, for the year under review. Overseas spending, including investments, came to £46.4m.

See Lex

Valor ahead of forecast at £5.7m

PRE-TAX profits of Valor, maker of heating and cooking appliances, rose by 46 per cent from £3.91m to a record £5.7m in the year ended March 31 1985. The result was comfortably ahead of the forecast of not less than £5.5m made some three months ago.

Mr M. Montague, the chairman predicts a further advance in profitability for the current year. He says he is very bullish. The company has a very healthy order book and the outlook for the 12 months is "first class."

The chairman also announces a U.S. breakthrough following full American Gas Association approval for what the company claims to be Britain's best selling gas fire, the Valor Homeflame log fire. The Homeflame has 15 per cent of the total gas heater market.

Valor has received its first Homeflame orders in the U.S., two months after the incorporation of its own company in Nashville. Valor America will concentrate totally on Homeflame sales penetration.

The Homeflame is claimed to be the first gas heater sold in the British High Street to be accepted from a technical and looks point of view in the U.S.

The breakthrough and its implications will create more than 100 permanent new jobs in Birmingham.

As forecast, a final dividend of 3.365p net raises the total payment for 1984-85 from 4p to 4.6p. After tax of £1.26m (£854,000) earnings per 25p share were up from 18.7p to 21.65p basic, or from 17.38p to 20.8p fully diluted.

Turnover for the year climbed by 15 per cent from £75m to £86.4m.

On the electrical front, Dreamland in its first full year with Valor, had its best year in three and has turned for growth. Dreamland's marine leisure subsidiary, Crewsaver, had another good year and orders for the present seasons are well up.

Heatrae-Sadia—acquired in March—has launched a compact water storage heater, the Streamline, and sales have exceeded initial market expectations.

● comment

The City has been rather slow to warm to the good news coming from Valor in recent months. Yesterday's results, beating the company's February forecast comfortably, left the shares at 182p, some way off their peak for the year of 212p. Clearly investors are rightly cautious about a company which sells a wide range of products in very competitive mature markets. Nevertheless, the acquisition of Dreamland last year and of Haetrae-Sadia and Gainsborough this year give the impression that the group has a more aggressive attitude to its markets than in the past. The opportunity of selling the Homeflame fire in the U.S. also opens up new growth possibilities for the group. Valor should reach £8m pre-tax this year, which, on a 25 per cent tax charge, puts the shares on a multiple of just 7. It seems that, notwithstanding last year's substantial rerating from a 109p low, the shares have further to go and the glow from yesterday's ...bullish statement might just be enough to set them alight.

Sound Diffusion progress checked in final quarter

Sound Diffusion saw its 1984 pre-tax profits rise by £1.8m to £7.44m although the directors point out that unexpected events during the last three months prevented the group achieving the full amount of profit that was anticipated.

The dividend for the year is being lifted from 0.348p to 0.417p net per 5p share.

Turnover advanced from £12.94m to £24.88m—the group is concerned with communications and security installations in hotels, hospitals, offices and factories.

Explaining the events of the final quarter the directors say that at September the order book appeared satisfactory. However, a reluctance by many new customers to give firm installation dates caused the completion rate of new installations to fall way below expectations during the quarter.

Furthermore, Alpha Lifts was expected to incur a "small" loss during its first nine months with the group but the audit confirmed losses of £950,000.

Sound Diffusion's directors became aware in November that management reports passed to them by Alpha were "grossly inaccurate" and an investigation was set in motion. Alpha is now trading profitably following reductions in overheads.

Prior to introducing a credit control system in 1984 the group had written an appreciable amount of rental business for leisure and photographic equipment with customers whose credit ratings were found to be unsatisfactory.

The directors say that a high proportion of these users have gone out of business leaving Sound Diffusion with sizeable stocks of equipment for which the auditors require provisions to be made.

The stocks are expected to be completely used during the next 18 months.

The directors say these three factors marred what promised to be an exceptional year.

They add that since March installations have accelerated sharply, a new product line has indicated a wide interest, the group's cash position is strong and it has a particularly large rental reversion taking place at the end of this year arising from a lease-type sale entered into over seven years ago with Capital Leasing.

For the current year the group expects to recover the proportion of the anticipated growth which eluded it in 1984.

Tax for 1984 accounted for £249,000 (£207,000) and minorities for £4,000 (£3,000).

Below the line there were extraordinary debits of £1.04m (credits £88,000). These comprised an adjustment of the previous year's estimated credit of £3.58m for amounts due from finance houses under tax variation clauses following the 1984 Finance Bill and results from a reassessment of the amount due following negotiations with finance houses in 1984.

Attributable profits came through at £6.15m, compared with £5.52m. Earnings per share amounted to 5.16p, against 3.92p.

● comment

Sound Diffusion's shareholders were treated to an unusual post yesterday morning. Not only did the company send out a copy of the preliminary announcement, so that aunties in Brighton were as well briefed as Throgmorton Street professionals but an even longer document was enclosed—a spoof report on a question and answer session between chairman and shareholders. A good idea for small shareholders to be sure, but it is a case of too much too late. The price had already collapsed from 140p to 92p ahead of the results. No mater how the company likes to preesnt the figures, a fall in second half profits of around 50 per cent is not much of an achievement. Even the company's own broker was stuck in print with a £12m pre-tax forecast. All the reasons for the setback were well aired yesterday but judging by the price movement in recent months some in the market already had a fair idea of what was going on. The charitable might decide that last year's problems were exceptional and the 25p fall to 67p is an over-reaction. But the historic p/e is not obviously atractive at 12½, even if profits reach £10m to £12m this year.

Chemring tops £0.7m and lifts interim

For the 26 weeks to March 29 1985, Chemring, maker of electronic countermeasure products, raised pre-tax profits from £579,000 to £754,000 and is lifting its interim dividend by 1.5p to 5p net.

The directors say demand for the group's products is increasing and with a strong order book they are confident that the year-end results will be satisfactory.

During the opening six months all operating units made satisfactory profits.

Group sales rose from £3.73m to £4.11m, an increase of 10.4 per cent, and exports improved by just over 48 per cent, rising from £551,000 to £816,000.

Pre-tax profits included investment income of £183,000, against a previous £151,000. Tax of £320,000 (£275,000) left net profits at £433,000, compared with £304,000.

Earnings per 5p share emerged at 20.6p (14.4p).

Good progress has been made with the new management services and chaff technology profit centre referred to in the last annual statement.

Group pre-tax profits for the 1983-84 year totalled £1.45m (£1.3m).

Micro Scope coming to market

BY STEFAN WAGSTYL

Micro Scope, a producer of network control equipment for private viewdata systems, is coming to the stock market with a capitalisation of £12.8m.

Merchant bank Kleinwort Benson, with the help of broker Cazenove, is offering for sale 3.2m shares, or 30 per cent of the company's enlarged equity at 120p each. Of these, 1.95m are being sold by existing shareholders, the rest are new shares sold to clear the company's borrowings and provide capital for further growth.

Given the Maidenhead group's forecats of profits of not less than 1m pre-tax for theyear to the end of October on turnover of 3.7m, the shares are offered at 16.8 times forecast earnings on a 30 per cent anticipated tax charge. The indicated yield is 1.79 per cent at the offer price.

Founded in 1979, Micro Scope's profits have grown consistently from £17,000 in 1981 to £308,000 in the year to last October when turnover was £2.6m. In the first half of 1984-85, the group made £301,000 pre-tax on sales of £1.7m.

The company says its margins have improved by achieving economies of scale and by increasing turnover in specialised markets where there is a lack of direct competition.

The company's main business orginally was consultancy work but it uickly saw opportunities for developing products of its own, most importantly videotex communications products which now account for about half of turnover.

Videotex is typically used by customers needing to link a large number of terminals to a central computer — for example travel agents and insurance companies. The group's biggest customers include Thomas Cook and the Halifax Building Society. Micro Scope first exported in 1984 — this year overseas sales are expected to account for 25 per cent of the total.

After the offer for sale, the directors will hold over 60 per cent of the company's equity.

● comment

It takes a brave man to bring an electronics stock to market at this time, and an even braver one to price it as such a hefty premium to a sector languishing on a collective prospective multiple of about 11. It is rather puzzling why a company with such a strong balance sheet and no immediate need for new capital should be in any hurry for a flotation. Nevertheless, Micro Scope is coming to market, and arrives with an exemplary track record and an apparently powerful position in videotex—a UK-developed communications technology which is slower, but much cheaper, than comparable computer-based data communication. The company seems to have stolen a march on British Telecom in a field which has not attracted U.S. competition and is now poised to exploit export markets. Everything looks good for the next year or two. However, the longer-term outlook looks less certain—it is not clear whether videotex will turn out to be a passing phase in the history of data communications, overwhelmed by the eventual development of cheaper computers. Conversely, if it does survive as a distinct market, as is probably more likely, the data communications majors, including BT, will begin to eye Micro Scope's margins very enviously.

Howard Machinery still very depressed

Mr Charles Alsop, chairman of Howard Machinery, said at todays annual meeting that the commercial climate in which the company operates has not improved since the year end, and trading in the current year has remained very depressed, with the exception of West Germany.

The loss of the offtake for Australia further depressed sales from the European base, particularly from the UK. Sales of tillage equipment in France have been affected by reduced farmer expenditure though there is an improvement in the grape harvester business.

As a result, group sales have been substantially lower than in the comparable period last year. As indicated in the annual report, further measures are necessary, the board is examining the available options and will keep shareholders informed.

Globe Investment Trust asset value rises 12%

Globe Investment Trust, a member of the Electra House group of companies, and the UK's largest listed investment trust with assets of £748m, has announced net profits of £17.16m for the year ended March 31 1985, compared with £15.09m previously.

Net asset value per 25p share stood at 382.75p basic at end-March, a 12.24 per cent increase on the 341.02p of a year earlier. Fully diluted it was 362.01p (322.82p).

The directors are proposing to lift the dividend total to 9.9p (9p) with an increased final of 6.15p (5.25p). Earnings per share are shown as 10.42p (9.24p) basic, and 10.2p (9.05p) fully diluted.

Th tax charge was £8.18m (£8.29m).

● comment

Globe is continuing to concentrate its portfolio on a smaller number of large investments, with the top 20 investments (excluding its financial services subsidiary) accounting for over half the underlying assets. This has certainly paid off in the £16.75m gross turn on the House of Fraser holding and should do the same for the 3 per cent of Debenhams' booked at 130p; but the success of a more active style of management when taking 20 per cent of Waterford Glass is balanced by the difficulties at Mercantile House. Globe easily met its income growth target but seriously underperformed the UK market in capital growth because of the much weaker performance of the U.S. portfolio—compounded by hedging dollar strength the wrong way. None the less, Globe remains confident about both the U.S. and Japan and should see an improvement in the p and 1 this year with a resumption of dividends from Zimbabwe and the end of start-up costs at Tyndall and Globe International. At 274p, Globe still trades at a market discount to NAV.

Good second half for Gee/Rosen

As envisaged, the Gee/Rosen Organisation more than made up the £21,000 first half shortfall over the second six months and finished the year to March 31, 1985 with pre-tax profits up from £283,000 to £304,000.

Turnover for the year improved by £2.47m to £7.38m—the group, a menswear wholesaler and retailer, came to the USM a year ago.

A final dividend of 1p gives shareholders a net total of 1.5p, as promised in the prospectus. Earnings per 5p share emerged 0.5p lower at 2.6p after taking account of a higher tax charge of £126,000 (£100,000).

The dividend will absorb £105,000.

The second half pick-up was envisaged in the interim statement which referred to the planned increase in establishment costs required to enlarge the business base of the group to cope with the greater volumes of business projected.

Cranbrook joining the USM

BY LUCY KELLAWAY

Cranbrook Electronic Holdings are coming to the USM via a placing by Raphael, Zorn of 1.2m shares at 70p each, and with a market value of £5.6m. The placing, which represents 14.6 per cent of the enlarged equity, will consist entirely of new shares and will raise about £800,000 for the company after expenses.

After the placing the chairman, Mr Anthony Diamond and his wife will each own 34.5 per cent of the company.

The other major shareholder is the Commonwealth Development Finance Company (CDFC) which last month bought 10.4 per cent of the shares from Mr and Mrs Diamond at approximately 58p a share.

The money raised will be used to reduce group borrowings, currently running at about £1m.

Cranbrook distributes high-technology active electronic components and sub-systems to several thousand customers in the UK involved in defence, telecommunications and business computers. It acts as the technical stocking representative to many of its suppliers, who are based in the U.S., Europe and in the Far East. The company's most important supplier is Western Digital Corporation which accounts for about 25 per cent of turnover.

During the past five years group turnover has grown steadily from £1.6m in 1980 to £6.3m in the year to September 1984. Profits have grown more erratic, reaching £345,000 in 1984 after two weak years in 1981 and 1982. The company says that the downturn in these years was due to increases in marketing expenses and in personnel.

For the current year the company is forecasting profits of £500,000, which would imply a price earnings multiple of 17 after a notional 35 per cent tax charge. Based upon a forecast dividend of 1.5p the yield is 3 per cent.

Dealings start on Monday, June 17.

Yearlings

Yearling bonds totalling £6.25m at 12 per cent, redeemable on June 18, 1986, have been issued by the following local authorities. Basingstoke and Deane Borough Council £0.25m; St Helens Metropolitan Borough Council £0.5m; Tamworth (Borough of) £0.5m; North Bedfordshire BC £0.5m; Chesterfield (Borough of) £0.5m; Hillingdon (London Borough of) £1m; Dudley MBC £1m; Hereford City Council £0.5m; Presili District Council £0.5m; Aberdeen (City of) DC £1m.

COMPANY NEWS IN BRIEF

Bernard Matthews, the turkey and meat processor, has been paid more than £800,000 in settlement of a claim made against the supplier of a turkey feed additive. The company claimed that the additive was faulty had been responsible for cutting profits for the first half of 1981 by more than £1m.

The un-named supplier paid a damages, interest and arbitratotal of £829,506 to cover tors, and administration fees and expenses involved in dealing with two awards by an arbitration board of appeal.

* * *

At March 31, 1985, the net asset value of the Scottish National Trust had risen to 292p per share, from the 265p at the end of September last and from 244p the year before.

In the half year ended March 31, 1985 gross revenue has expanded from £2.94m to £3.53m, while the net balance is up from £1.26m to £1.43m, after tax £702,000 (£642,000).

Earnings are up to 2.21p (1.95p) and the interim dividend is lifted to 1.5p (1.3p). For the full year the directors are forecasting an increase in earnings comfortably above the 10 per cent growth of the previous year, and intend to raise the final dividend above that year's 2.95p.

* * *

THE DOWNTURN in demand experienced in the second half of last year by Plaxtons (GB), the Scarborough-based coachbody builder, continued into the first six months of the present year. In the half-year to March 31, although turnover was only slightly down at £14.78m (£15.62m), taxable profits slumped to £402,000 from £982,000.

The main problems were in coach and bus body building where trading profit fell from £746,000 to £77,000. That was offset slightly by improvements in other areas.

Earnings per 25p share were 1.8p (4.9p) and an unchanged interim payment is proposed of 1.5p. Last year a total of 4.5p was paid.

* * *

Pre-tax profits of Standard Fireworks improved from £1.21m to £1.3m for the year to March 31 1985 and the net dividend is raised from 5p to 5.75p per 25p share. A one-for-two scrip issue is also proposed.

* * *

The Scottish housebuilders, London & Clydeside Holdings, has increased the number of sales and turnover in the six months to March 31, but the lack of exceptional items and lower margins has meant a fall in pre-tax profits.

On turnover up by 7 per cent to £4.16m, pre-tax profits fell from £604,000 to £324,000. From earnings of 2.1p (5.4p) per share, an interim payment of 1.7p net is proposed. For 1983-84 a single payment of 1.3p was made, the first since the company came to the USM last year.

* * *

Net asset value of Raeburn Investment Trust rose to 418.4p at at May 31 1985, against 335.5p per 25p share a year earlier.

Pre-tax revenue for the six months to end May was ahead from £1.77m to £2.05m. After tax of £714,000 (£629,000) earnings per share improved from 4.12p to 4.85p. The interim dividend is higher at 3.6p (3.25p) net and the directors intend to at least maintain last year's final of 6.25p.

Gross revenue improved from £2.16m to £2.33m.

Tricentrol seeks £35m via Eurobond market

BY ALEXANDER NICOLL

Tricentrol, the UK-based oil and gas explorer, yesterday tapped the Eurobond market for the first time with a £35m issue including warrants to buy shares in the company.

The move followed hard on the heels of a £45m rights issue in Februray to help fund its exploration and appraisal programme over the next two years until money from production begins to flow in.

In seeking funding, it has been hampered by the fact that a straight equity rights issue would not be accepted by shareholders who have seen a steady fall in the company's share price. The February issue was of 11 per cent convertible loan stock.

Tricentrol would also not have been readily accepted in the U.S. dollar eurobond market because of its relatively small size and unknown name. It chose the sterling market instead, and sweetened the deal with equity warrants. United Biscuits and Rowntree Mackintosh both made similar issues last year.

The Eurobond has a seven-year life and an 11 per cent coupon, with the warrants enabling Tricentrol to raise fixed rate funds at over a percentage point less than would have been possible otherwise. Each £1,000 *bond carries* 135 warrants to buy one share at 217p each, 2p above the closing price yesterday.

Exercise of all the warrants, which expire in 1990, would result in the issue of 4.73m new shares, 4.8 per cent of the expanded equity, raising *£10.25m.*

Unusually for the Eurobond market, the warrants are in registered form. This is designed to make them attractive to UK investors by comparison with the bonds, which are in bearer form and expected to appeal more to Continental investors.

The bonds and the warrants will be listed separately in London. The issue, led by Morgan *Grenfell, was well received in* the primary Eurobond market.

Mr Nigel Turnbull, Tricentrol finance director, said the issue "gives us a level of credibility in the marketplace," contributing to market confidence in the company's ability to get through its costly North Sea development programme.

It would also, he said, reduce Tricentrol's dependence on bank borrowings at floating interest rates. *The money will be used* initially to repay existing debt, most of which is at floating rates.

Euromarket report, Page 33

BCA deal for U.S. expansion

BY MARTIN DICKSON

British Car Auction has reached agreement to merge its U.S. subsidiary, **Anglo American Auto Auctions**, with **Sandgate Corporation** in a deal that will give BCA a 73 per cent-owned U.S. subsidiary quoted on the American stock exchange (Amex).

The merger was originally supposed to take place last year but was deferred because of delays and complications in negotiations with Sandgate's board and with the Securities and Exchange Commission (SEC).

BCA, which is headed by Mr David Wickens, at present owns 40 per cent of Sandgate's share capital. This will rise to 73 per cent on completion of the deal, under which Sandgate will acquire Anglo in exchange for the issue of 1.2m shares to BCA.

Sandgate, the shares of which are currently quoted at around $24.5, is a vehicle leasing business concentrated in New York, Florida and California. Turnover in the year to June 1984 was $62m and earnings totalled $2.84m.

Its attractions to BCA include large tax credits and its quotation, which can be used to expand the company's growing U.S. interests.

Anglo will have net assets of $18m at completion of the merger and BCA is to lend Sandgate $18m to repay Anglo's debts to its parent. The loan is repayable in seven years. Alternatively, BCA can convert it into Sandgate shares to maintain its stake at 70 per cent, should Sandgate issue more shares.

Phoenix board comes under fire

BY LIONEL BARBER

THE **Phoenix Timber Group** board came under fire yesterday after dissident shareholders led by Mr Michael Hermann published a hard-hitting circular aimed at swaying voters at the forthcoming extraordinary general meeting.

Mr Hermann, a Phoenix director, and his supporters hold almost 30 per cent of the Phoenix equity and wish to put three new directors on the board.

The circular accuses the present Phoenix board of poor commercial judgment, particularly over its quick entry and exit into the builders' merchants market. It also says Phoenix directors are unwilling to put their own money into the company through buying shares.

According to the circular, two Phoenix directors have five-year service contracts but only one *holds a small block of shares. It* also states that Mr Dennis Cook, Phoenix chairman, has recently sold 40,000 shares or 1.3 per cent of the Phoenix equity.

Mr Cook said: "They are dredging up anything they can throw at the board. It's pathetic."

Mr Cook described several of the charges made in the circular as either inaccurate or misleading. For example, one of the directors alleged not to possess Phoenix shares had in fact recently just bought 1,000 shares (0.03 per cent of the issued share capital).

He added that though he had sold 40,000 shares last January he was still the largest personal shareholder in Phoenix, with just over 7½ per cent of the equity.

Mr Cook described Mr Hermann's proposals for the future of Phoenix as "extremely *vague." On the one firm sugges*tion that Phoenix should develop its wharf, near the M25, he said: "It's common knowledge that this is precisely what we are doing."

Reed restructuring continues with UK and American deals

BY LIONEL BARBER

Reed International, the publishing, paints and paper group, yesterday continued its rapid restructuring with two *separate deals in the UK and in* the U.S.

Reed Holdings, the U.S. subsidiary, said it had signed a letter of intent with Xerox Corporation to acquire RR *Bowker, a New York City book* and periodical publisher, to fit in with its Boston-based division, Cahners Publishing.

Last year, Bowker reported pre-tax profits of around $8m on turnover of *$42m. The pro*posed purchase price was not disclosed. Xerox said yesterday that its previously announced letter of intent to sell three of its publishing companies to International Thomson Organisa*tion had been amended* to exclude Bowker.

In the UK, Reed Publishing announced that it had lifted its 8.3 per cent stake in Crown International Productions, the USM-quoted video and film *maker, to 15* per cent. Crown welcomed the move and said it did not expect Reed to make a full bid.

Last April, Crown announced *interim £453,000 pre-tax profits,* including an extraordinary credit of £251,000, and upgraded its dividend forecast. Crown also disclosed yesterday that it had acquired a 10 per cent stake in Capital Television Facilities.

In recent months, Reed International has announced a string of major disposals and acquisitions as part of its strategy of concentrating on a narrower range of activities.

Last week, Reed *said it* was putting its building products business up for sale which could raise up to £103m. It has also reached agreement in principle to sell Sandersons, the UK furnishing fabric manufacturer to the *U.S.* group, West Point Pepperell.

Other businesses still for sale include bathroom furniture companies in the UK and the Netherlands and a number of plastic products, drainage and double glazing firms.

United Newspapers' £9m U.S. expansion move

United Newspapers' subsidiary, New York-based Gralla Publications, yesterday announced a near $11m (£8.7m) cash deal to expand its U.S. technical publishing interests and buy into the trade show and conference management market.

The two acquisitions are Advisory Enterprises, technical magazine publishers, and Optifair, which specialises in putting on trade shows and conferences for the eye-care industry. Some $8.5m will be paid as an initial consideration, with a further $2.175m payable *next April.*

Gralla which publishes 17 controlled circulation trade magazines from its offices in New York and Dallas has been sizing up the two deals since last August.

Optifair and Advisory Enterprises were previously part of privately-owned companies, which United reckons has tended to depress disclosed profits. For the last financial year, Advisory earned pre-tax profits of $142,500, while Optifair earned profits of $21,500.

Buying Gralla in October 1983 was one of United Newspapers' first major U.S. deals. Previously United had concentrated its interests in UK provincial newspapers and technical magazines last year, the U.S. magazines made *£4.36m on £39.5m* turnover.

United's policy has been to allow Gralla to retain its dollar earnings in the U.S. to allow it to fund acquisitions without financial backing from its parent.

Earlier this year, United announced its intention of making a bid for Fleet Holdings, owners of the Daily Express, Sunday Express, The Daily Star and the technical magazines grouped under Morgan Grampian. The bid has been referred to the Monopolies Commission which is interviewing both parties before drawing up a report in the autumn.

Troubled Wm Boulton sells two loss-makers

William Boulton, the troubled Stoke-upon-Trent engineering and foundry group, has disposed of two heavy loss-making subsidiaries in a bid to turn the company round.

Boulton, whose affairs are being managed by Mr John Briggs, a "company doctor," has sold Birkett-Ycol, which contains its non-ferrous foundry interests, for £100,000 and Powespeed, manufacturer of electric kettles, for £125,000. It has also sold its majority stake (66 per cent) in Manmore Engineering for £75,000.

Latest audited accounts show that Birkett-Ycol made a pre-tax loss of £420,092 and Powerspeed a pre-tax loss of £263,921 for the year ending June 1984. Manmore made a pre-tax profit of £23,030 over the same period.

The deals involve an extraordinary write-down in Boulton's net worth of £1.1m, though this could be reduced by the proposed sale of the former Birkett-Ycol property.

Last April, Boulton revealed an interim pre-tax loss of £465,000, the fourth consecutive year of losses. Mr Briggs, who has acted in other troubled engineering companies, such as Sangers and A1 Industrial Products, said yesterday that debt still stood at around 100 per cent of shareholders' funds of around £9m. However, there was considerable asset potential *in the group.*

The purchasers of Birkett-Ycol and Powerspeed are two businessmen who decline to be identified at this stage. Manmore is being sold to two of the company's executive directors.

Brammer's proxy battle

BY ALEXANDER NICOLL

THE PROXY battle to win the votes of Brammer shareholders ended yesterday with both the bearings distribution group and its hostile suitor, Bunzle, professing quiet confidence about the outcome.

Proxies, whether on Brammer's yellow cards or Bunzl's pink ones, had to be in by 11 am yesterday. Shareholders, who are asked to approve Brammer's acquisition of Energy Services & Electronics, can still vote or alter their proxy decision by attending what promises to be an exciting meeting in London tomorrow. Bunzl's bid will lapse if the deal is approved.

Only shareholders who are on Brammer's official register may vote. Perhaps reflecting this, volume in Brammer shares has become fairly thin after a flurry of trading last week. There were stock market rumours yesterday that arbitrageurs have taken positions in both Brammer and ESE stock.

It appeared that shareholders mostly preferred to use Brammer's proxy card rather than those circulated by Bunzl. However, use of one card rather than another is no indication of the way the vote goes.

Meanwhile, shell company Peek Holdings must decide today whether to relaunch a bid for ESE. Since it recently failed with an offer, it would normally have to wait a year before bidding again. But the entrance of Brammer allows Peek to re-enter the fray. While Brammer's bid is one the table.

If Brammer's agreed bid *is* voted out tomorrow, the bid will lapse and Peek will lose its opportunity. Its two South African-based backers will meet today.

Irish group calls for £5m

Green Property, the Irish-based property investment company, which is seeking a full listing on the Dublin stock exchange, plans to raise I£6.5m (£5.2m) through the issue of 6.6m ordinary shares at I£0.97p (£0.78p).

Green, *which is 60 per cent* owned by two major UK pension funds—ICI Pension Fund and the Electricity Supply Pension Scheme—hopes to raise I£2.4m in London and the remainder in Dublin. Green itself will receive I£4m from the issue.

The two institutional shareholders were said to be keen on a public quotation, especially in view of Green's holding of 88 acres in the centre of Blan*chardstown, Co. Dublin, which* has been designated as a new town for Dublin's expanding population. Green is to spend I£10m over the next two years as part of a I£30m development on the site.

The company has net assets valued at I£17m and the offer price represents a discount of 28 per cent from the net asset value attributable to each share in issue following the offer for sale.

Despite the depressed state of the Irish property market, company representatives hope that the private sector might take up to 20 per cent of the shares. The underwriter, *Allied* Irish Investment Bank, holds 20 per cent in the existing company through a subsidiary and is expected to hold these shares but not to buy new ones in the issue.

Green is only the second full listing on the Irish Stock Exchange since 1973. Brokers to the issue are K. J. & E. Davy in Dublin and Rowe & Pitman in London.

Cosalt

Intrmaritime Chandlers, a company controlled by Mr Bruce Rappaport, the international financier, and Mr Kery Packer, the Australian television magnate, has increased to 14.9 per cent its stake in Cosalt, the Grimsby-based ship's chandler.

MINING NEWS

CRA joint venture with Mitsubishi Development

BY KENNETH MARSTON, MINING EDITOR

A JOINT venture has been formed by the **Rio Tinto-Zinc** group's Australian arm CRA (60 per cent) and **Mitsubishi Development** (40 per cent) to take a second look at the huge Oaklands coal deposit in the Riverina district of Australia's New South Wales.

They will also carry out an 18-month feasibility study into the prospects for a large scale mining operation to supply coal to an associated power station. The study will include preliminary investigations leading to a draft environmental impact statement as required by the NSW Government.

The two companies carried out independent exploration programmes at the deposit until mid-1984. They have now been granted five-year authorisations by the New South Wales Government which cover the major portion of the coal reserves discovered in the earlier programmes.

Some 3bn tonnes of medium quality black steaming coal are known to exist in the exploration permit areas previously held by the two companies. Of this more than 1bn tonnes appear to be suitable for economic mining.

BOARD MEETINGS

The folowing companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Camford Engineering, Findhorn Finance, Thomas French, Sidlaw.

Finals: Applied Computer Techniques, British Steam Specialties, Brown Shipley, Bulmer and Lumb, Butterfield-Harvey, B. Elliott, James Finlay, Forshaws, Burtonwood, International Signal and Control, Investment Company, Northern Securities Trust, Pauls, Red*land, 600 Group, Staveley Industries,* Sterling Industries.

FUTURE DATES

Interims—	
Hardys and Hansons	June 26
Inn Leisure	June 19
Jones (Ernest) (Jewellers)	June 25
Finals—	
Brown and Tawse	June 24
Controvincial Estates	June 18
Continental and Indust. Trust	June 18
Ferranti	June 26
Havelock Europa	July 31
Kleen-E-Ze	June 27
Stead and Simpson	June 20
Stonehill	June 24
Wigfall (Henry)	June 20

Pancontinental mine on stream

FIRST production from Australia's newest gold mine is imminent, according to Mr Tony Grey, chairman of **Pancontinental Mining**, which owns the operation.

The treatment plant of the Paddington gold mine on the outskirts of Kalgoorlie is now in the final stages of commissioning, and the mine is about to come on stream three months ahead of *schedule at a cost of* A$30m, some 10 per cent below the budgeted figure of A$34m.

Mr Grey added that presenr plans are for Paddington to produce at a rate of 90,000 ounces of gold a year, or perhaps a little more, making the mine the fifth largest in Australia. Reserves of the open-pit mine are *put at around 6m tonnes grading* an average of about 3.3 grammes of gold per tonne, sufficient for a life of eight years at the proposed extraction rate.

Pancontinental hopes to make further discoveries through the A$4.5m exploration programme being undertaken this year. Well over half of this will be spent on the search for gold.

Apart from its gold activities, Pancontinental is also starting to look for platinum. Mr Grey said he likes the metal because of its increasing use in industry, notably in motor vehicle exhaust systems, and "because 90 per cent of known world reserves are located in the Rustenburg area of South Africa at a time when a number of countries are becoming increasingly reluctant to remain dependent on that country *for important resources."*

Pancontinental's exploration effort for platinum will include Australia and Papua New Guinea.

MINING NEWS IN BRIEF

International Corona Resources, of Canada, one of the pioneers in Ontario, is to become the *major shareholders in* **Royex Gold Mining Corporation** with a stake of 42 per cent plus the right to acquire a further 3 per cent. By providing development funding Corona may raise its stake in Royex to 50 per cent.

The latest build-up follows approval for Corona's takeover of **New Venture Equities** which will permit Corona to purchase 30 per cent of Royex from ***Campbell Resources***. The other principal interest of Corona is its 45 per cent holding in the new Hemlo gold mine which poured its first gold last month.

* * *

MIM Holdings says that it has completed the sale of its 20 per cent interest in the Mount Goldsworthy iron ore venture in Western Australia plus other assets to its partners in the project, London's **Consolidated Gold Fields** and Australia's **Broken Hill Proprietary**.

This raises the partners' holdings to 58⅓ per cent and 41⅔ per cent, respectively. The Goldsworth operation has only about 18 months' productive life left but it has the attraction of a 500m tonnes orebody at the undeveloped Area C. MIM's 36 1-9th per cent interest in **McCamey's Iron Associates** has been acquired by the latter's joint venturers under their pre-emptive rights.

* * *

The South African **Rand London** member of the **Burnett and Hallamshire** group made a net profit of R3m (£1.19m) in the year to March 31 after heavy interest charges. This compares with a loss of R7.47m in the previous 12 months. A further improvement is expected in the current year.

* * *

Australia's ***Emperor Gold Mining*** and **Western Mining Corporation Holdings** are to embark on an expansion of their Vatukoula mine in Fiji which is owned on an 80/20 per cent basis. Gold output at the property, which amounted to 45,829 oz in 1983-84, is to be raised to some 80,000 oz in 1985-86 and to 100,000 oz in 1986-87.

Emperor is raising some A$12.7m (£6.8m) via a one-for-four renounceable rights issue. The new shares are being offered *at A$2.35 (about 125p) and the* offer closes on July 30. The existing shares were 203p in London yesterday.

* * *

Because of low metal prices the loss-making Mount Pleasant tungsten-molybdenum mine in New Brunswick is to cease production at the end of next month. The Canadian property is equally owned by **Billiton** and ***Brunswick Tin Mines.*** It was brought on stream in mid-1983 at a cost of over C$80m.

Saatchi

Mr Charles Saatchi, one of the two brothers who founded **Saatchi & Saatchi**, the advertising agency, has sold 525,000 shares in the group. Mr Saatchi, who is a director of the company, would have raised about £3.5m from the disposal. Saatchi was unable to comment last night on the reason for the move.

Cyprus Anvil Mining to sell assets

CANADA'S ***Dome Petroleum***, which has been trying to sell its 87.5 per cent stake in Cyprus **Anvil Mining** since 1983, says that the latter has signed a letter of intent to sell its assets to Mr Clifford Frame who was formerly president of Denison Mines.

Dome acquired Cyprus Anvil in 1981 for the equivalent of C$500m (£289m) including assumed debts. Since then much of the value of the investment has been written down by Dome. The remaining 12.5 per cent interest in Cyprus Anvil is held by **Transcanada Pipelines**.

Mr Frame hopes to form a *company to operate Cyprus* Anvil's open-pit lead-zinc silver mine near Faro, Yukon, which was closed in 1982 because of weak metal prices. He believes that with the proper operating structure the mine should be *profitable at current prices for* zinc.

It produced 202,000 tonnes of zinc concentrate and 111,628 tonnes of lead concentrate in 1981. Cyprus Anvil's other assets include a stake in the *Cirque lead-zinc-silver deposit* in British Columbia.

Cullen's

Cullen's Holdings, the company born out of the three-way battle for Cullen's Stores last year and which was formerly known as Watling 105, reports a pre-tax loss of £479,000 for the period ended March 3 1985.

*Mr Peter Matthews, the chair*man, said that the results were in line with expectations made at the time of the acquisition, which showed a cost of £226,000, included in the deficit before tax. Turnover amounted to £4.48m.

Suter

Suter has received 118 Notes *to convert a total nominal* amount of £1,100,574 93-4 per cent subordinated convertible unsecured loan stock 1995-2000 requiring a total allotment of 2,421,263 ordinary shares. This increases the total number of Suter ordinary and deferred ordinary in issue (including the recent rights issue) to 47,320,600 shares. There remains in issue £353,519 of the loan stock.

After the conversion period ended on May 31 1985 75 per cent or more had been converted. The board has resolved to issue a compulsory conversion notice.

MANAGEMENT : Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Sales promotion

A growing force in marketing's armoury

BY FEONA McEWAN

"ADVERTISING points the gun, sales promotion pulls the trigger" is how one practitioner sums up the sales promotion industry. Even the most experienced marketing man might be hard-pressed to explain exactly what is meant by sales promotion, covering as it does competitions, in-store promotions, on-pack discounts, point-of-sale information, promotional mailings and plenty more.

Ask an expert to define the business and what do you get?

"Sales promotion aims to motivate people to take a variety of actions in a variety of markets." This can mean anything from motivating people to book a holiday, to send away for product information or to step inside a store—anything, in fact, that encourages action or, ultimately, sales.

What's not in doubt is that along with direct marketing (that other flourishing below-the-line discipline) sales promotion is a fast-growing weapon in the modern marketing armoury.

In essence, sales promotion is as old as advertising, say its practitioners, but in terms of being recognised as a major marketing tool, the industry is still relatively young.

The specialist agencies that now form the core of the business began in many cases as departments within ad agencies, taking root as independent forces only in the late 1960s/early 1970s. Industry growth has been boosted by the fact that the in-house brand managers of those early days have grown up with the industry.

Today with some 60 companies practising the discipline, sales promotion is big business and eyes turn increasingly to the stock market. Changed days indeed since the industry was dubbed "armpit of the marketing world."

Low profile the industry may be but there's nothing low about its share of marketing budgets. It has outstripped advertising expenditure for much of the last nine years—much of the past nine years—industry estimates put 1984 at Promotion. (Advertising netted £4bn in 1984, according to the Advertising Association.)

Following our tabular analysis of leading advertising agencies (August 2 1984, October 11 1984) and PR business (January 19 1985) it is now the turn of sales promotion agencies to come under the microscope. As the starting point *10 of the leading names* have been selected, chosen for their reputation, experience and standing in the industry. This is not a definitive list, (there will be others who could argue for inclusion on merit); it is merely an attempt to highlight some of the leading agencies.

Comparisons in such a fragmented industry are not easy. Sales promotion agencies represent such a diversity of interests that it is nigh on impossible to draw precise parallels. For instance some agencies have telephone marketing and merchandising field forces (FKB, IMP) others lean heavily on design (Holmes and Marchant, Cato Johnson), some do substantial advertising. Because the emphasis in the table is on sales promotion, two companies do not appear even though they are major forces in their areas—Marketing Solutions, which sees itself as a marketing consultancy and Counter Products Marketing which is recognised for its large merchandising field force.

(*Note:* gross income is generally interpreted as covering retainer and project fees and commissions on purchased items.)

OWNERSHIP	AGENCY & START-UP DATE (alphabetically)	NO. OF EMPLOYEES (full-time)	GROSS INCOME	PRE-TAX PROFIT	SIX MAJOR CLIENTS (alphabetically)	HOW THEY SEE THEMSELVES	HOW THEIR COMPETITORS SEE THEM
U.S. parent (Young & Rubicam)	Cato Johnson 1976	47	£1.2m to Dec 84 (excl. design/merchandising)	£166,000	British Telecom, Central Office of Information, Hertz, Kodak, Royal Worcester, Singer.	Largest international promotional marketing network in world. Communications company with emphasis on inspiring action from target audience rather than pure sales promotion agency in grocery sense.	Strongly design oriented. International links its greatest strength. Factory-type operation. A little jaded?
UK private	Clarke Hooper 1974	56	†	est. £210,000 to Apr 85	Fine Fare, Guinness Brewing, Heinz, Shulton, Sony, Weetabix.	Attitudinally number one in UK sales promotion. In quality of thinking and dedication to client service.	Strong marketing bias. Professional. Low profile, workmanlike. A real competitor. Nice people. Creative.
UK private	Francis Killingbeck Bain 1982	85	* about £2.4m to Mar 85	†	Central Office of Information, Lever Bros, NatWest Bank, Rothmans UK, United Biscuits, Whitbread.	Saatchis of sales promotion. Young, aggressive, confident. Most feared competition. A bit lucky too.	Meteors of business. Very successful very/too? quickly. Hungry, dynamic, flashy. Strong on one-off major projects and ancilliary services. A tough competitor.
UK public	Holmes & Marchant 1971	52	£1.4m to Sept 84	£674,000	Coca Cola, Heinz, KP Foods, National Dairy Council, Pirelli, Unigate.	Always seeking new innovative solutions to marketing problems. Creativity balanced with efficient account management. Broad client base.	Heavily design-based, with a few specialised promotional techniques they've made their own. Entrepreneurial. Commercially astute. Talk big, can they deliver? Innovative printers.
U.S. parent (D'Arcy-MacManus Masius Inc)	International Marketing & Promotions 1968	78	£3.1m to Dec 84	†	Allied Breweries, British Airports Authority, Pizzaland, Ranks Hovis McDougall, Texaco, United Biscuits.	Leading UK sales promotion agency. Research based marketing approach to develop relevant creative solution. Training ground for industry.	Traditional, large and established. The Civil Service of sales promotions. Stronger on ancillary services than strategic solutions? Factory-like. Major clients.
UK public	Kingsland Lloyd Petersen 1969	about 200	est. £3m to Sept 84	£841,000	Bowater Scott, Buitoni Foods, Canada Dry Rawlings, Diners Club, Nabisco, Philip Morris.	Probably market leaders in UK—biggest, first to go public and first independent to form international network.	Flagship of business. Well respected, solid marketing approach. All rounder. Market leader. Sound commercial business, forceful, high profile. Loyal clients.
UK private	The Marketing Triangle 1979	about 50	*£2m to Dec 84	†	Cadbury, Courage Golden Wonder, Imperial Tobacco, Martini & Rossi, NatWest Bank.	Comprehensive broad-based service covering sales promotion strategy and execution, strategic business development and tactical advertising. (Separate account handling and creative functions.)	Thoughtful, steady, sound, occasionally exciting. Creative. More thinking than doing. Low profile, why? Not yet major force.
UK private	Masterguide 1977	59	£1.3m to Sept 84	£119,000	Allied Breweries (Shops), Berni Inns, DER, Lever Bros, United Biscuits, Van den Berghs.	Professional, practical and results-oriented. Specialise in new product launches, development of new retail concepts, joint promotion with third parties. Creative, analytical, innovative.	Dark horse. Good, quiet reputation. Practical, professional. Smallish, tight, creative.
UK private	Promotional Campaigns 1971	40	*£1.1m to Dec 84	£331,000	Cadbury, Cinzano, Thomas Cook, General Foods, Philip Morris, Safeway.	Our business is promotions that sell products imaginatively and effectively. Leaders.	One of most able and talented outfits. Highly consistent—in quality of work, award winning too. Highly regarded by peers and clients. Aggressive.
UK private	The Sales Machine 1970	30	£876,000 to Mar 84	£117,000	Birds Eye Walls, British Rail, Greens of Brighton, International Distillers & Vintners, St Ivel, Showerings.	Puritanical and blinkered in doing pure sales promotion. Work entirely towards meeting clients' requirement and helping them make promotions happen. Quite expert and quite good.	Honest broker of sales promotion. Classic SP grocery specialist. Led by doyen of industry, but is it more than a one man band? Good creative work. Loyal clients. Survived number of major departures. A little tired?

† Would not divulge. * Including some advertising commission.

Whisky given the liqueur treatment

JOHNNIE WALKER believes in horses for courses when promoting its products. Its Red Label, the world's best selling blended brand, is advertised using glamorous young people in international settings, such as ski-slopes and pool-sides, sipping blended Scotch with unobtrusively placed bottles of soft drinks suggesting that the drink can be mixed.

But its latest offering for its Cardhu 12-year-old Highland Malt whisky emphasises the "Scottishness" of the product and its suitability for after-dinner drinking. "By advertising Cardhu as an alternative to another liqueur we aim to expand the market and not take share from our other brands," says Tony Oscroft, Johnnie Walker's marketing director. "We want to add to the range of occasions upon which Scotch can be drunk."

The single malt market is one of the few strong growth areas in the Scotch whisky business although it still only accounts for about 3 per cent of total volume sales.

Cardhu 12-year-old single malt was first advertised in 1983 although it had been available for sale for many years previously. Since then it has picked up considerable sales particularly in areas such as Asia and Australia which hitherto have not been recognised as strong malt whisky markets.

The latest marketing programme, with a budget in the current financial year of nearly £3m, is tied to the centenary of Johnnie Walker's Cardhu distillery on Speyside. "The celebration this year gives us a theme for a big marketing push with the aim of achieving a 10 per cent share of the bottled single malt market," says Oscroft.

Hampers containing Cardhu whisky and Baxters' Scottish foods will be sold internationally

Cardhu advertising also features the 100-year-old distillery where it is produced, the intention being to "project the image of a cottage industry with the idea of a hand-crafted product." Another aspect of the marketing push is Cardhu's inclusion in hampers containing a selection of Baxter's of Speyside Scottish foods, which are to be sold internationally.

With a 220-strong worldwide network of distributors and agents Johnnie Walker is particularly targeting itself at duty free outlets—the ideal platform, maintains Oscroft, to build an international brand.

Lisa Wood

Marketing abstracts

Making money with proactive pricing. E. B. Ross in Harvard Business Review (U.S.), Nov/Dec 84 (10½ pages)

Argues that many companies take the pricing decision as a reflex action against a set of simple criteria—to recover costs, recover or gain market share, match competition; makes the case for proactive pricing as a competitive weapon—using information about customers, competitors and industry economics—and gives examples of pricing strategies.

Consumer dissatisfaction. S. Wikström in European Management Journal (UK), Summer 84 (2/2) (9 pages)

Seeks to explain the increasing level of consumer dissatisfaction, finding it related to the greater number, variety, and complexity of goods offered, as well as to quality of supply. Looks at measures of dissatisfaction: complaints analysis, product-specific or general surveys. Examines the incidence of CD before and after sales, and the extent to which it is related to product, price and marketplace structure/performance.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed *copies of the original articles* may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley

TECHNOLOGY

EDITED BY ALAN CANE

Computer software to help engineering designs

SOME NEW computer-aided design and manufacturing (CAD/CAM) software allows engineers not familiar with punch press work to conceive and design a sheet metal part and generate data for punching and bending tools.

Computer-assistance *provided* on a colour-screen allows the time to design and prepare parts for production to be sharply reduced.

The software has been produced by Manufacturing Data Systems International (MDSI) which is in the £6bn turnover Schlumberger group, along with Applicon, another CAD/CAM supplier. It has been written for implementation on a DEC VAX computer and a "one-seat" hardware/software system for draughting and tool data output costs £35,500.

The software embraces shop floor *know-how in sheet* metal fabrication and has some of the properties of an expert system. For example, it can draw on data which determines how much shrinkage occurs when sheet metal is folded, altering the original total length.

The user can programm all the holes, slots, notches and folds in the component and look at it from any angle on the screen.

The bottom 25 per cent of the scren is taken up with electronic "buttons" which the user "presses" by moving the cross-hair cursor into position over his choice.

New buttons then appear to suit the new situation and the user is given appropriate instructions in single line English messages. The system is easy to use and quite complex parts can be designed in half an hour or so. Punching machines can then be instructed via post processing software that MSDI has written for various machine tools.

The system, and another which allows complex machining of surfaces, is based on the company's Eqinox interactive graphics software, of which 1,000 units have been installed or ordered to date.

MDSI is in Solihull, West Midlands on 021 704 4422.

Bull bucks the trend in high speed printing techniques

Geoffrey Charlish explains why the French have chosen magnetic technology

BULL PERIPHERIQUES, the French computer peripherals company, has bucked the trend by opting for magnetic rather than electrostatic technology for its new high speed printer.

Most companies aiming at the fast, flexible format printer market — Digital Equipment, Hewlett Packard, Siemens and Xerox are good examples—have opted for the well established electrostatic technology. But Bull Peripheriques says it can offer advantages of price and performance by using magnetic methods.

The company, part of the FFr 13.65bn turnover Bull Group, in which the French Government has a controlling interest, has been working on the magnetic technique for nearly 10 years. Earlier this year production started at the Belfort plant near Basle.

The system is aimed at companies with big in-house printing demands. It can produce a page every 1.5 seconds with a definition of 240 dots to the inch.

The price to the customer of the printer is about £55,000. Already 130 units have been delivered to manufacturers for incorporation into their own products. In Britain the machine will be supplied by MDS Computer Systems of Putney.

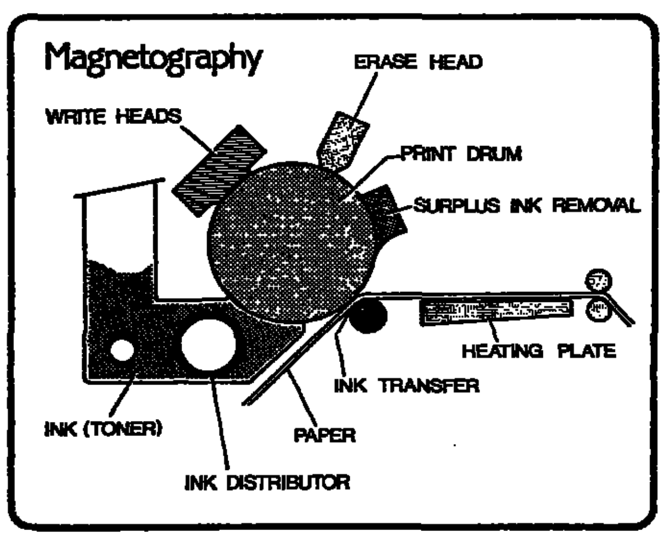
Iwatsu in Japan and Ferix in the U.S. are believed to be the only competitors at the moment, but their products operate at lower speeds. Bull, however, thinks magnetic printing offers reliability and a longer-lasting product that will attract other makers into the field.

The idea of magnetic printing is hardly new, but previous *designs were expensive to pro*duce and were thought to be ahead of their time. Standard Telecommunication Laboratories for example, demonstrated a machine in the late 1960s but subsequent moves for it to be manufactured by ICL came to nothing.

Electrostatic and magnetic printing have a good deal in common, the basic objective being to place "toner" powder on the paper in the form of text or graphics and then heat seal it to the surface.

In the electrostatic process, the image is created by light projected on to the surface of a rotating, photosensitive drum a few inches in diameter extending across the width of the paper.

The light, which generates electrically charged areas, can be produced by a single laser with a moving mirror system that directs the beam to "write" text and graphics. Alternatively, a paper-wide line of tiny light emitting diodes are switched on and off very rapidly under computer control as the drum surface moves past, to give the desired patterns.



Toner sticks only to the charged areas of the drum surface and is transferred by a roller on to the paper. Heat sealing follows.

In Bull's magnetic process, a single line of pinpoint recording heads extends across the width of the paper. Running close to the surface of the cylinder, selectively energised elements of this array make tiny magnetic dots at 240 to the inch, forming magnetised areas in the shape of characters and graphics.

As the drum rotates (at one revolution a second), the recorded surface moves into the toner powder which adheres to the magnetised areas. Excess powder is removed by a scavenger magnet and the recorded areas of the cylinder give up their powder to the paper surface in a pressure roller mechanism. The paper then immediately moves under a bank of halogen lamps where the toner is heat-fused into the surface.

Finally, the drum surface moves under a cleaning blade, residual powder is sucked off and returned to the bath and the cylinder surface is demagnetised ready for the next revolution.

Much of the development effort has gone into the high definition recording head and the multiplexing circuits in chip form that feed them. The head is made in segments a few centimetres long, easing manufacture and allowing any head width to be fabricated easily.

In addition, Bull has used vertical recording methods (in which magnetised elements point into the depth of the cylinder's surface rather than along it, allowing denser recording).

This gives the company an advantage in the disk drive segment of its business, allowing it more easily to develop the newer forms of disk drive where vertical technique is becoming widely accepted as the answer to cramming more data on to a disk.

Bull cites a number of advantages for magnetic printing compared with electrostatic. *It claims that a smaller* machine can provide the same performance and that there are fewer moving parts, raising reliability and reducing cost.

Bull claims the new machine, the MP6090, is less than half the price of electrostatic machines of the same throughput. A vital part of the machine, the cylinder, lasts a lot longer since the metallic plated surface is hardly susceptible to wear.

An attractive feature of the machine is that different founts and graphics can be selected by changing programs. There are already eight character sets with a further four as an option. And—a boon to any print room—the printer is almost silent.

Component fault finding made easy

TROUBLE-SHOOTING for faulty components in large circuit boards can be simplified using a new computer *program from Factron, the* automatic test equipment subsidiary of Schlumberger.

The program, called Debug, can quickly analyse the electric junctions—guard points—that can be used to isolate individual components.

A faulty circuit board can be detected by conventional methods, since boards can be isolated by unplugging them from a device. But it is much harder to test individual components, since there can be hundreds of them linked together in a network on one board. Since these components cannot be physically isolated, they must be electrically isolated.

The Debug program, linked with Factron's previous in-circuit test program Capitol, aids this electronic isolation process. There are usually many possible guard point configurations for any given test. Debug explores all of these possibilities and presents the results to the computer operator, who can then make the best choice.

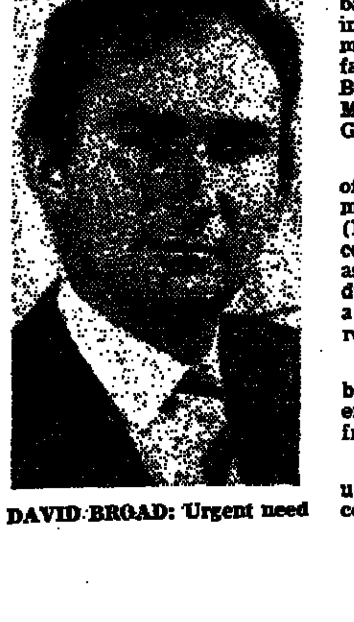
A switch in line . . .

A MORE powerful version of Racal's telex message switch has been developed by Parc Enterprise and installed at the London branch office of a major French bank. The switching modifications make it possible for three or four computer operators to edit, print and transmit text simultaneously.

The switch will be upgraded by Parc Enterprise when the changeover to a new telex standard, called stored program control—single channel voice frequency, is implemented in the London area in the next two years. Telexing will then be carried out over public switching network lines.

British bid to end office automation hold-up

BY GEOFFREY CHARLISH



DAVID BROAD: Urgent need

PROGRESS towards the fully electronic office is being held back by the high cost of linking together computing equipment made by different manufacturers, according to Mr David Broad, chairman of the British Microcomputers Manufacturers Group.

He says there are about 50 offerings of connecting equipment or local area networks (LANs) and that the cost of connecting a terminal can be as much as £2,000. British industry, he says, is looking for a figure in the £20 to £50 region.

Furthermore, the LANs have been designed to various different standards, many of them from outside the U.K.

Mr Broad believes there is an urgent need for British microcomputer makers to agree to a standard LAN of their own which can be produced at low cost.

His group is negotiating with the Department of Trade and Industry for half the £500,000 needed to set up the project. Already 11 British companies are willing to join in. The group has 23 members, including some leading companies but not Acorn or ACT.

So far a feasibility study sponsored by the group and the Department of Trade and Industry and carried out by consultant Dr C. D. Shelton has suggested a plan to phase in the LAN and to make it fully compatible with the "open systems interconnect" model put forward by the International Standards Organisation.

The LAN will embrace as far as possible the customer needs revealed by Dr Shelton's survey. The LAN must be able to operate in a straightforward way. Different LANs must connect together to fulfill both departmental and corporate network needs in the user company. In addition, the LAN must connect to public networks and should allow attachment of workstations to mainframes.

Speed options of 250, 500, 1,000 and 2,000 kilobits per second (kb/s) will be provided, and the maximum distance between stations will be 1,000 metres. Cheap co-axial cable (75 ohms) will be used except at 250 kb/s sec, when ordinary twisted pair will suffice. No repeaters will be used down the cable. The access technique recommended by the report is token passing using a simple command structure.

Computers set to take over professionals' jobs

BY THE TURN of the century, the jobs of many professionals—accountants, lawyers, personnel evaluators and even computer specialists—will be replaced by the "expert-in-a-box," a computer system able to deliver advice based on opinions from the leading authorities in their fields.

The market in the UK alone for this kind of "expert systems" will be worth £100m in 1990 with the world market worth £1bn, according to Systems Dynamics, a Hertfordshire, UK, consultancy.

The company says: "Growth in consultancy and support will be equally dynamic as such support services are essential for the successful application of the new technology."

Systems Dynamics' analysis of the expert systems market is contained in a report. The development of Artificial Intelligence in the UK. It warns that while Britain is at the front of the artificial intelligence race, it is spending its money badly: "We are distributing money to the 'fat cats' of industry in the hope of commercial benefit.

"The academic nature of the UK artificial intelligence development and our national reluctance to market products from our research departments bodes ill for British AI."

The authors say, nevertheless, that they were surprised by the generally high level of awareness concerning artificial intelligence and expert systems and were impressed by the quality of basic expert system building tools available at modest cost.

The report costs £360 from the consultancy on 09278 4674.

AC

LETTERS TO THE EDITOR

The disclosure hook

From Mr I. Campbell

Sir,—Barry Riley's conclusion (June 6) that the life assurance industry must not be let off the disclosure hook may well be the right one to resolve immediate problems but his line of thought is rather narrow and, misses the point.

A member of the public buying a life or pension policy from an office employing both its own salesmen and independent intermediaries to market its products will find two things:— the terms of the policy would be identical (in all but a few wayward cases, at present, thanks to the destructive effects of the present commission war); and a tied agent would be at a marketing advantage because he does not have to disclose his remuneration. This will include his office costs, overseas conventions, share options, volume overide, inhouse competitions and other such items. None of this would be taken into account for the independent who will not only have to sell the contract to the client but his remuneration as well—two jobs instead of the one in hand.

The purpose of a commission regulation system is to ensure those independents should not be influenced by commission levels. Therefore, all that is required surely is that such independents should be controlled by a code of conduct which forbids the receipt of extra incentives.

The Government White Paper states as its intention "that rules and practices neither are nor become anti-competitive." To provide for tied agents concealing their remuneration and independents to have to disclose theirs will ultimately mean that those companies with tied sales forces will be able to increase their remuneration to a level where it is simply not attractive for people to remain independent. Is this "in the interests of competition?"

The best results that can be expected from disclosure may well be a swing away from front-end commission to more staggered payments. This would carry many benefits to the consumer one of which would not be a clearer statement of commission payments. He would still be more likely to buy from someone who does not have to declare his interest. Disclosure for all intermediaries, while not desirable in any event, would at least ensure fair treatment for those in the same market place.

Many so called independents have, in recent years, been too keen to capitalise on the incentives offered and this has resulted in the present clamour for disclosure. Because a bad marketing practice has been allowed to develop however, can it be right for the reaction to it to be one of recrimination? Surely it is better to provide a constructive atmosphere whereby independents have a code of conduct which states that they can only accept the set scale of remuneration. The level of that remuneration can be thrashed out from time to time within the industry in conjunction with the Marketing of Investments Board. A truly independent broker market could then be fostered under the guidance of the new regulatory system with the ultimate sanction of a loss of an independent's licence to be applied against those who accept incentives greater than the agreed standard.

Ian Campbell.
74, Chesilton Road, SW6.

Payment of commission

From Mr D. Fettes

Sir,—The article by Barry Riley (June 16) concerning the disclosure of life assurance related commission terms highlights much of what is wrong with the life industry today. A great deal of time and energy has been expended in the last three years over discussions concerning the commission levels paid on life assurance and pension contracts. The result has been that everyone's attention has been focused on commission's while the essential role of life assurance and pensions in our lives has become of secondary importance, to the extent that many people resist effecting life cover for fear that someone somewhere is making vast sums of money out of them.

I believe that commissions on life related contracts have only come under the public microscope as a result of the way that commission is paid. The bulk of the commission is payable in the first or first two years with a negligible annual renewal commission being paid thereafter. It is interesting to note that the commissions paid on general insurance, paid at a lower level but annually throughout the life of the policy, have not been commented on nor become the subject of acrimonious dispute.

I feel that the life industry should consider adopting commission payment terms comparable to those in the general insurance market. This would have a number of benefits. The public would be less inclined to feel that insurance brokers were earning excessive income from them. There would be a greater incentive upon insurance brokers and tied agents to provide a more comprehensive ongoing service since their long term income would be closely tied in with their continuing to collect premiums. Early surrender values for investment linked policies would improve since there would be no need for the insurance company to look to the first premiums to meet all their costs.

I accept that this is a radical approach which will meet with howls of protest from insurance brokers and tied agents alike but it will need steps such as this to prevent Government interference. From the insurance broker's point of view it is no more than a cash flow adjustment for a number of years. An active and successful unit trust industry has developed around this system of payment, so why should the life assurance industry once more say it has ot be an exception?

David Fettes,
Lucas Fettes and Partners,
301-305, Euston Road, NW1.

Equitable treatment

From Mr J. Hough

Sir,—Mr H. Green (June 10) illustrates the potential commission payments which will be generated for intermediaries when Mr Fowler's compulsory private pension provision becomes law in place of Serp's.

He illustrates that if 1,000 employees of a company, with average earnings of £8,000, each effect a personal pension, the commission payments are very substantial. If personal pensions follow the same structure as existing individual pension policies and each contributes the minimum of 4 per cent of earnings under the Fowler proposals, the total initial commission cheque could be £160,000, each subsequent year the renewal commission of £4,800 is generated on the same level of contribution.

There are, however, two further factors which will generate commission. The contributions must increase as earnings rise because the proposed minimum contribution is a fixed percentage of earnings. Each increase in contribution generates more initial commission—a 10 per cent increase generates £16,000. If another intermediary can lure the policyholders into switching all future compulsory contributions to another insurer, the full initial commission is regenerated again—potentially £160,000 in this simple example.

In addition to this, the insurer makes further charges on the contributions to the policy to cover its own expenses and provide a profit which, judging by the success of Hambro and Abbey Life, is a healthy margin.

All these commissions and charges can only come by substantially reducing the eventual return to the policyholder. The injustice to the early leaver under the current "final salary" type of occupational pension scheme which has been much discussed, will be merely replaced by the injustice of excess charges and profits by insurers and intermediaries.

To avoid this, a high responsibility rests with the Marketing of Investments Board to ensure a clear indication of the levels of commission are declared to potential policyholders and there is equitable treatment between all types of intermediaries.

And with the Government to fully use its powers, proposed by Mr Fowler in his Green Paper, to ensure fair administrative charges, in personal pension policies.

John Hough,
39, Waldegrave Road, SE19.

Latent defects in buildings

From Mr R. Aisher.

Sir,—With respect to Mr Parris (May 29) if one reads the judgment in Pirelli carefully it will be seen that Lord Fraser very clearly explains why the House of Lords did not approve the discoverability test applied in Sparham-Souter.

Until 1976 when the Court of Appeal devised its ingenious distinction between damage to a house which the owner could sell at no loss until the damage is discovered and damage to the human body which its owner does not have the same option to change, it was generally held that a cause of action was statute barred from six years after the act giving to the cause of action unless fraud or a deliberately concealed mistake were involved.

The Court of Appeal thus in effect retroactively changed the law and created liability where the best legal opinion up to that time had been that none existed. I cannot believe that it is right for appeal courts to action in this way. If a long established interpretation of statute is held to be unjust and in need of reform, then surely it is for Parliament to legislate, and only in exceptional circumstances is it fair for legislation to be retroactive.

While the interpretation generally accorded to the Limitation Act 1939 prior to 1976 may in some respects have been unfair, it did at least have the advantage of reasonable clarity. A building owner could have his building inspected before the sixth anniversary of its construction and insure himself against latent damage due to negligence, and I am sure this would be cheaper than contributing to vastly increased insurance premiums that now have to be passed on in the construction cost of the building, and also avoid the risk of negligent parties no longer being in a position or having taken action to avoid being in a position to meet any judgment made against them.

Litigation many years after a building was constructed is always liable to produce unfair results because of the difficulty of ascertaining facts a long time after they happened. Also, the "knock on" effect can produce great unfairness where a defendant is not in a position to meet his obligations while the practice of a plaintiff agreeing to let a defendant off if he provides evidence against another defendant can be very unfair.

If therefore the situation before Sparham-Souter was unfair but comprehensible, that created by it was much more unfair because of its retroactive nature and the great uncertainty involved in dealing with events many years after they took place.

The main beneficiaries of Sparham-Souter are the legal profession for who it has created a large amount of additional work, while the building owner may have gained additional rights but is having to pay for them in advance, including a large provision for legal costs.

In Pirelli, I think the House of Lords did their best to remedy a very unsatisfactory situation. They perhaps left some loose ends in order to persuade Parliament to legislate, and in my opinion there is urgent need for new legislation. If time is to start to run from the date of discoverability of a defect then there does need to be an absolute longstop, and I would not disagree with 15 years. For actions started more than six years after the Act complained of, however, I think there should be an onus on a potential plaintiff to notify all potential defendants as soon as possible after a defect is discovered and to issue proceedings within three years. I think also that the principle of "knock on" should either be severely curtailed or abolished. It is particularly unfair when applied to a main contractor where a subcontractor who cannot meet his obligations has been nominated and supervised by the architect or employer.

R. B. Aisher.
Redleaf,
Penshurst, Kent.

Gyrations of the dollar

From Professor I. Pearce and Dr S. Thomas.

Sir, — "Prepare" advises Anatole Kaletsky (June 6) "for a crash landing of the U.S. dollar." In Mr Kaletsky's judgment "the explanatory power of non-speculative forces underpinning dollar demand more recently has been less convincing . . . . Arguments [which] seemed plausible enough a year or two ago . . . today look less persuasive." We are invited to "give up the search for economic reasons and concentrate instead on market psychology and speculative forces." The dollar, we are asked to believe, is high because everyone (except presumably those who share the view expressed in Mr Kaletsky's article that it is about to crash) expects it soon to be higher still.

We, for our part, are puzzled much less by gyrations of the dollar than we are by the strange reluctance of commentators to accept any explanation of those gyratoins which involves anything other than transactions in dollars with U.S. residents. For example, Mr Kaletsky quotes only U.S. statistics on capitol flow into and out of U.S. in his search for "economic causes." But the fact is that any non-U.S. resident who buys or borrows a U.S. dollar today is very much more likely to have acquired it from another non-U.S. resident than from U.S. itself. The \$17bn of foreign-owned demand deposits in U.S. banks circulates among foreigners at an immense rate generating, so the evidence *suggests*, several hundred times the gross capital flows between U.S. and the rest of the world. Are we to believe that all this borrowing, buying and selling has no effect upon the exchange rate?

It is true of course that more than 90 per cent of all international dollar transactions are between banks. To quote a Bank of England discussion paper the stock of international debt "is an important determinant of the level of activity in the international interbank market . . . . However low the level of new lending activity falls there will for some years be a substantial volume [= stock] of syndicated lending which must be refunded; and it is to this stock rather than the gross new flow that we might expect the level of interbank activity to be linked."

To us it seems most unlikely that, because they are largely interbank and debt related, 90 per cent of all international dollar deals should have no effect upon interest and exchange rates. We have heard the argument that banks neither supply nor demand dollars on their own account but simply pass funds from initial savers to final borrowers so that their activity does not affect exchanges. But this clearly contradicts the judgment of the Bank of England which expects substantial activiy even when new borrowing and lending has ceased. We have also heard the claim that no bank can ever be short of dollars because it is standard practice to cover all future liabilities by borrowing forward. While this is possible for an individual bank it cannot be possible for all. A futures contract simply passes the liability from one bank to another. It cannot in any way remove the liability from the system as a whole unless the contract is made with the creditor bank.

If there is some magical reason why a huge Eurodollar market can exist with supply and demand always equal requiring no price changes to make them equal then the Financial Times would be doing the world a great service if it could find some operator in that market to write for everyone an explanation of its workings.

(Prof.) I. F. Pearce,
(Dr.) S. H. Thomas.
Department of Economics,
The University,
Southampton.

What other currency?

From Major A. Delens

Sir,—Having read Anatole *Kaletsky's* most interesting column (June 6), I am left with two questions. Why should the dollar collapse? What currencies will people go into when they sell their dollars?

Currencies are the tokens of the world's economies just as shares are the tokens of companies. Shares go up and down like currencies; the shares of very weak companies collapse because no one wants them, just as those of strong companies move up and down, but within a fairly narrow bracket on a fairly high plateau. Currencies do the same. No one wants the currencies of the really weak economies, but everyone wants that of the world's strongest economy.

The dollar has been strong ever since the last war, and its collapse in the early 1970s was to my mind due to a market aberration brought about by the free market in gold and the floating of currencies. People wanted to try out these new ideas and went out of dollars to do so. They have acquired experience as a result and more mature reflection will now keep them in dollars.

Of course, all currencies will continue to fluctuate, including the dollar, as demand varies with commercial, financial and speculative requirements. The U.S. is very much a self-sufficient economy and exports are not all that important. The U.S. authorities will take action (or not) if they feel the need to do something about the current account deficit, for example. Remember benign neglect—it worked very well!

I do not believe we should look for reasons other than the fact of what the dollar represents and for my money the dollar will continue to remain strong within a reasonably high bracket.

Major A. H. R. Delens.
48, Ch. Ami-Argand,
1290 Versoix, Switzerland.

Company Notices

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BUSINESS LAW

Export controls and U.S. pressure

By A. H. HERMANN, Legal Correspondent

MR PAUL CHANNON, Minister for Trade, will today unveil an Export of Goods Control Order which was made on June 3 to meet requirements agreed in the 1982-84 review of the Cocom rules. Mr Channon will, no doubt, say that the result of these long and difficult negotiations is a satisfactory compromise. No doubt, also, this statement will be challenged by the UK computer lobby which has manifested considerable alarm about the consequences which the tightening of the U.S. export restrictions may have on the export capability of Britain's high - technology industry.

It is in the nature of lobbyists to exaggerate, and the fears of the computer lobby may well be overstated, but it is also true that the British computer industry and the makers of other advanced machines and equipment depend on U.S. components for a significant part of their output.* Extraterritorial application of U.S. controls, either directly or through British secondary legislation, can therefore severely restrict UK exports not only by prohibiting them, but simply by creating fear and uncertainty on the part of those making or selling sensitive products.

Many Europeans believe that, under the pretext of defence considerations, the U.S. tries to preserve its dominance of the world market in high technology products. U.S. officials, on the other hand, complain that Europeans are interested only in business and underrate the importance of maintaining the West's technological superiority over the Soviet Union.

According to Mr William Casey, Director of the Central Intelligence Agency, there is an office in Moscow, with a staff of some 1,000, directing technical piracy on the world market, where some 300 dummy firms have been identified as small technology smuggling shops.

The Export of Goods Control Order, which will come into effect on July 25, shows that the British Government shares these fears to a considerable extent. The Order will, for the first time, include computer software in the list of goods for which an export licence is necessary. It will eliminate from the list some low-power computer hardware, but will add to it advance telecommunication switchgear and make changes concerning robotics, engineering and the aerospace industries.

The new measure goes a long way towards the U.S. desire to bring technical information under the same control as the hardware and software itself. Technical information will be controlled whenever it assumes a physical existence on paper, tapes or discs.

A recent court trial involving smuggling activities was that of John Michael Ludlam, a Yorkshire - based computer dealer. He had the distinction of being the first person brought before the Lord Chief Justice under the Export of Goods Control Order 1979, as amended in 1981. He was accused of exporting PDP 11 computers and a VAX 11 computer together with other smaller computer hardware and peripherals to Bulgaria with the help of licences, obtained by deceit, for export to Switzerland.

Mr Ludlam was sentenced, in the Crown Court of Southwark on January 11 to two years' imprisonment, an associate was given a suspended sentence and their companies were fined a total of £30,000. Mr Ludlam's appeal, heard last month, was dismissed, except that the prison sentence was halved.

The Court of Appeal received affidavits from experts to the effect that the equipment could not be used for military purposes, that there was no technological advantage to be gained from the equipment by the Bulgarians or any Eastern Bloc countries, and that large numbers of that type of computer had already been exported from various countries to the countries of the Warsaw Pact.

Lord Lane, the Lord Chief Justice, concluded from this evidence that it was almost certain that the equipment was of no direct military use, but that its indirect use might be a different matter altogether. It was not the function of the court, he said, to decide whether these machines were capable of military use nor whether the law was a good or bad one. The sole task of the court was to determine whether the law had been broken and, if so, what should be the penalty.

As these are offences based on an international agreement—the Cocom rules—one might expect that sentences administered for infringements in various states adhering to Cocom should be comparable. The defence counsel pointed out that there had been massive exports from West Germany to the Warsaw Pact countries of presumably similar machines and that for these offences German courts imposed non-custodial sentences. Lord Lane thought that such a comparison was not very helpful as the circumstances and the problems of the German cases were not known.

In the present case credit was to be given for Mr Ludlam's previously impeccable character for his frankness with the police, and for his plea of guilty. As the maximum sentence for an offence under the Act was one of two years' imprisonment, Lord Lane thought that an overall sentence of 12 months would be appropriate.

The enforcement of Cocom rules by national legislation and courts falls within the normal pattern of territorial jurisdiction. However, the U.S. policy in this area is also being enforced by a parallel extraterritorial application of U.S laws and regulations.

The new Export of Goods Control Order is likely to displease the computer industry. The opposing claims of defence and business might be clarified by a U.S.-EEC dialogue

This does not clash with English law so long as it relies on undertakings obtained by U.S. suppliers from their UK customers not to export or resell without obtaining the suppliers' approval, and to comply with any future restrictions made by U.S. authorities.

What brings the U.S. authorities into a direct clash with English law is when they attempt to enforce their regulations directly by sending their agents to inspect English companies' books and by imposing fines on them.

This year the U.S. authorities imposed a civil penalty of $400,000 on Systime plc, a computer manufacturer in Leeds, and asked the company to place its domestic and export sales under U.S. control. The infringement for which the fine was imposed was the export of computers containing U.S. components to Iraq and Pakistan.

Although such fines are called "civil," they are in fact imposed in a criminal prosecution conducted by the U.S. Administration. English courts do not enforce foreign criminal penalties but the U.S. authorities have an effective weapon: a UK company which disobeyed U.S. orders or failed to pay a penalty imposed would be black listed, so that it could no longer obtain supplies of components which it needed for its products.

The enforcement of U.S. policy by means of private contracts, though acceptable under general law, may yet come into conflict with competition rules, both English and EEC. In addition, agreements preventing the movement of goods from one Community country to another may be in conflict with Article 30 of the EEC Treaty (the free trade rule).

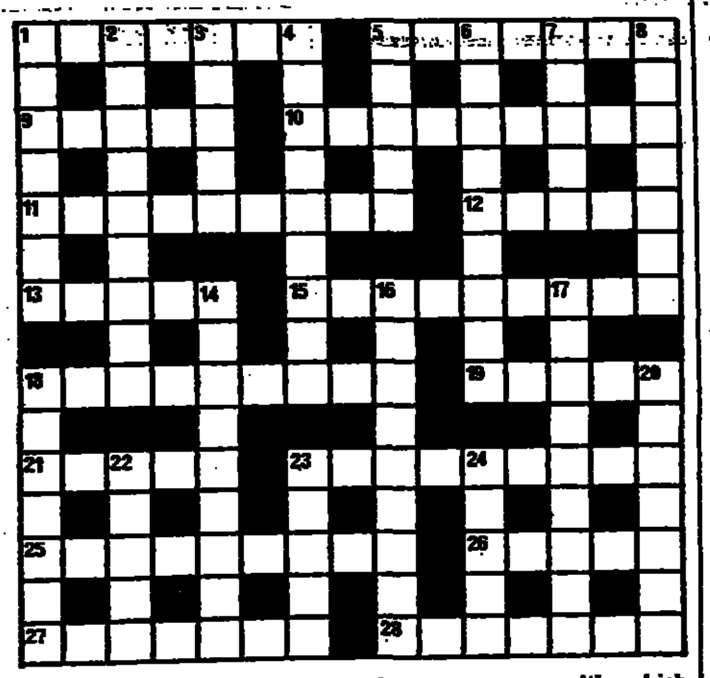
There is no doubt that it is vital to the interests of the West to maintain its technological advantage over the Soviet Union in defence matters—and these *can not* always be easily separated from non-military use of equipment and know-how. It is not so clear whether any restrictions can protect technical know-how sold throughout the world against penetration by Soviet agencies.

If, as recent examples show, these can successfully infiltrate both U.S. and UK military establishments and obtain top secrets, how much more easier it must be for them to find a weak spot in the world-wide chain of uncontrollable distributors. However, even if the Cocom rules can at least delay Soviet access to advanced technology, the question remains whether these rules are not sometimes abused for monopolistic purposes and, if so, how this should be prevented.

These are essentially practical questions, which can be answered only on a case-to-case basis. For this reason there may be something in the draft opinion of the European Parliament's Committee on Economic and Monetary Affairs concluded on November 21, 1984 (Document WG (2) 1334E) that it would be sensible to consider setting up a consultative body for the U.S. and the Community, which would include representatives from both the governments and industries concerned. That might launch a dialogue at a strictly commercial level which could be productive for both sides.

**This article is based partly on research by Kevin Cahill, a computer journalist.*

F.T. CROSSWORD PUZZLE No. 5,742



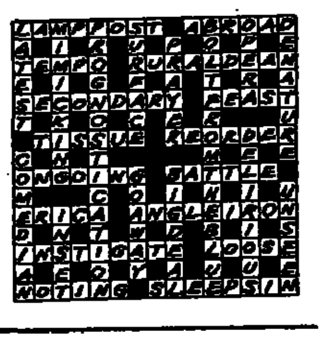
ACROSS

1 Which provide us with music scored, perhaps, by a leading Russian (7)
5 Put off coming back to take us, said "no" (7)
9 The witches try to leave the city (5)
10 One lies around the vessel still (9)
11 Crime committed in an attendant's house (9)
12 Tiny Director-General seen in a club (5)
13 Call and attempt to get the union leader admitted (5)
15 Nanny, when run over, is made poorly (9)
18 Dread disturbance after record is dropped (9)
19 Barker gets attached to it (5)
21 Wrap only the final present in it (5)
23 Help to irrigate an isolated place (9)
25 Eddy and Phil row over and look back (9)
26 Toll Ken arranged by the fifties (5)
27 Again included the horse that's guided (7)
28 Tended to get upset about nothing being designated (7)

DOWN

1 They may be booked for the chef (7)
2 The pot-holer turned on us by hollow (9)
3 The band started out with a famous drummer (5)
4 Brown paper, with which Ted's covering a girl! (9)
5 Lift engineers come round, as I arranged (5)
6 The part of a cycle that makes it cheaper? (9)
7 Hurry — you can get high on this (5)
8 The boy is standing up, nurse, which is swell (7)
14 Salesman who is going places? (9)
16 Made fun of the word for "deliver" I clued badly (9)
17 Meant changing, some admitted, the living accommodation (9)
18 Denies any connection with leading dissident, so wins again (7)
20 Dashed sore, went ahead (7)
22 Ring active girl (5)
23 An American girl that's coarse (5)
24 Rouse and, having forgotten it, wait with the boy (5)

Solution to Puzzle No. 5,741



BASE LENDING RATES

A.B.N. Bank	12½%	■ Hill Samuel	§12½%
Allied Irish Bank	12½%	C. Hoare & Co.	12½%
American Express Bk.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Johnson Matthey Bkrs.	13 %
Amro Bank	12½%	Knowsley & Co. Ltd.	13½%
Associates Cap. Corp.	13 %	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	13½%
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	14 %
■ Brown Shipley	12½%	Provincial Trust Ltd.	13½%
CL Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	P. S. Refson	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13½%
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Choulartons**		■ J. Henry Schroder Wagg	12½%
Citibank NA	12½%	Standard Chartered	‖12½%
Citibank Savings	¶12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13½%	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	12½%
Co-operative Bank	*12½%	Whiteaway Laidlaw	13½%
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Dunbar & Co. Ltd.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%. 1 month 10¼%. Top Tier—£2,500+ at 3 monthly notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

[illegible]

Brown Shipley & Co. Ltd. (a)(g)

[illegible]

G. & A. Trust (a) (g)

[illegible]

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)

Perpetual Unit Trust Mngmt. (a)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd.

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mngmt. Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Management Ltd.

Sun Life Trust Mngmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

TSB Unit Trusts (b) (c) (y)

3i & Target Fund Mgrs Ltd

Target Trust Mngrs. Ltd. (a)(g)

Temple Bar Unit Trust Mgrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Aetna Montagu Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Insurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance(a)

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.3	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fd	12.60	9.43	13.95	6mth
7-day Fd	12.81	9.58	14.20	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.35	9.25	13.41	6-Mth
7-day Fund	12.36	9.3	13.62	6-Mth
Dollar	6.56	—	—	6-Mth
Money Magt. Acct.	12.00	8.97	13.45	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc.	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.375	9.25	13.87	Qtr
Mth. Int. Chq.	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Investment Services Ltd, 29 Finsbury Circus, EC2M 5QL 01-588 2777				
Cater Allen	12.25	9.16	13.64	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.375	9.25	14.05	Mth
U.S. Dollar	7.50	7.50	7.76	Mth
German Marks	5.00	5.00	5.12	Mth
Swiss francs	2.00	2.00	2.02	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St. Martins Hse, Hammersmith Grove, W6 0NY 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.25	9.16	13.81	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Drawn Acc.	12.75	9.53	14.49	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.05	9.00	13.40	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	12.625	9.43	13.48	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.26	9.16	13.66	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Chesterfields) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc.	12.75	9.53	14.50	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.25	9.15	13.73	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	12.05	9.00	13.46	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	12.44	9.30	13.95	Qtr
Money Acc.	12.20	9.125	13.686	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.10	9.08	13.70	Mth
Over £10,000	12.35	9.23	14.03	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5E 0752 24141				
High Int Chq Acc.	12.69	9.48		

NOTES—Gross rate is those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. [illegible]

COMMODITIES AND AGRICULTURE

Downturn in British farmland values

By Our Commodities Staff

VACANT POSSESSION farm land prices in England and Wales have fallen back again after rising in the first quarter of this year, according to provisional figures released by the Ministry of Agriculture yesterday.

The average price of land changing hands in the February-April period was £4,327 a hectare, the figures show. This compares with £4,642 a hectare in January-March but is still above the £4,216 figure registered in July-September 1984.

The weighted average price, which is adjusted to take account of area and size group variations in the sample, shows a sharper drop to £4,342 in February-April from £4,953 in January-March.

● Milk producers have voted overwhelmingly in favour of a change in the Milk Marketing Board's electoral system to replace the "cow vote" (based on the number of cows) with a "one man, one vote." Over 75 per cent of producers voting backed the proposed change, which now has to be submitted to the Ministry of Agriculture to put amendments before Parliament.

● Part-time farming is making an increasing contribution to the social and economic wellbeing of rural areas in many developed countries and Governments ought to acknowledge this, claims a report published today.

"Governments should be made much more aware of part-time farming's potentially vital role in maintaining viable populations in the countryside," says the Scottish-based Arkleton Trust. "Far from being a peripheral and declining sector of the agricultural scene in advanced countries, as often loosely assumed, part-time farmers are in an overwhelming majority in countries like Japan and Norway and part-time farmers are at least as numerous as their full-time counterparts in Germany, Austria, Switzerland and the U.S."

Natural rubber pact extended

BY OUR COMMODITIES EDITOR

THE International Natural Rubber Agreement is to be extended for two years, it was formally agreed at the International Natural Rubber Organisation's council meeting in Kuala Lumpur yesterday.

The five-year agreement was due to expire in October this year and the two-year extension will give more time for a new pact to be negotiated. Talks in Geneva seeking to negotiate a new Agreement ended inconclusively in April and are scheduled to resume early next year. The Council's decision to extend the pact was essential if the agreement was to keep going.

The extension of the agreement means that the present terms and conditions of the existing pact, including the existing price range, will be maintained as desired by consumer members.

Producing countries were seeking various changes, including a substantial increase in the price range, which was why they surprisingly refused to extend the pact at the Council meeting in February this year. However, they have ben forced to change their minds following the failure of the Geneva talks to negotiate a new pact, since without the prop provided by the existing Agreement market prices would be almost certain to decline considerably below existing levels.

Earlier this week it was reported that the buffer stock of the organisation was calling up a further $M100 (£60m) from the 33 member countries to supplement the funds needed for support buying to maintain market prices within the agreement's agreed price range. Market prices are currently below the "may buy" trigger level in the pricerange and the buffer sock is believed to have been an active support buyer in recent weeks.

However, if the buffer stock holdings, currently thought to total around 280,000 tonnes,rises above 300,000 tonnes a special meeting of the council has to be convened to review the market situation, including consideration as to whether the price range should be reduced.

Emission controls likely to lift platinum demand

BY JOHN EDWARDS, COMMODITIES EDITOR

THE INTRODUCTION of automobile catalytic converters for emission control in Europe is likely to alter significantly the markets for platinum, palladium and rhodium over the next decade, according to a special report just issued by J. Aron/Goldman Sachs commodities research group.

It says the development of this new outlet will have the greatest impact on platinum and rhodium. By the mid-1990s, when the entire European automobile market will be using catalysts, demand for platinum would be increased by 19 per cent to nearly 500,000 ounces a year, while consumption of rhodium will go up by 17 per cent to 30,000 ounces.

The rise in the use of palladium, forecast at 150,000 ounces, represents only 4 per cent of its total consumption.

Reviewing potential supply to meet the extra demand, the report says it is known there are some reserves in South Africa that could be exploited. In addition secondary metal will be available from scrapped automobiles in the U.S. where catalysts have been in use for some time.

The report suggests that another emerging outlet for platinum is in investment demand. In 1984 it is estimated that investors acquired an additional 175,000 to 200,000 ounces.

U.S. investors remain disenchanted with near-term prospects for precious metals, however, and prices may yet fall back at least to their early 1985 lows, the report adds.

Scarcity of supplies boosts lead market

By Our Commodities Staff

A SCARCITY of immediately available supplies yesterday pushed the cash lead price on the London Metal Exchange (LME) up by £15.5 to £318 a tonne moving to a premium over the three months quotation, which was £6.25 up at £308.5.

Traders said that buying from one quarter in particular of both cash and three months lead more than offset the depressing news of a rise in U.S. lead refiners' stocks in May by nearly 17,000 tonnes reported by the American Bureau of Metal Statistics. It was thought unlikely that current LME market prices were high enough to attract the surplus stocks across the Atlantic.

Zinc, lead's sister metal, lost further ground with the cash price declining by £7 to £578.5 a tonne on the Exchange. It is felt that the European producer quotation may well have to be reduced from its present level of $930 to $890 a tonne shortly following the recent decline in U.S. producer prices and the generally poor state of demand.

American crude oil stocks fall by 3m barrels

By Our Commodities Staff

U.S. STOCKS of crude oil dropped by 3m barrels last week to 352.2m barrels, more than 7m barrels below this time last year, according to the American Petroleum Institute (API).

Imports of both crude oil and oil products fell slightly behind last year—from 5.7m barrels to 5.2m barrels.

Stocks of distillate fuel climbed marginally to 105m barrels, just 664,000 above the same week in 1984. Residual fuel oil stocks fell slightly to 42.7m barrels, about 4.6m barrels behind last year.

Petrol stocks continued to lag well behind 1984. API estimated stocks of 219m barrels, about 3.7m less than in 1984.

Andrew Gowers on the World Food Council meeting in Paris

Trade rows cloud famine issues

RAGE, FRUSTRATION, despair, complacency—all the familiar emotions and attitudes associated with famine — have been present in generous measure at this week's ministerial meeting of the UN World Food Council, which ends today.

Anger and frustration came from men like Mr Eugene Whelan, the Council's Canadian president, who had the means to analyse the world's food problems, but lacked the authority to do anything about it. And there was a sense of overwhelming inertia and confusion about the capacity of the United Nations system as a whole, or Western and third world governments in particular, to act in more than an emergency, ad hoc or piecemeal way to combat the famine which is ravaging many parts of Africa.

This week's meeting, the 11th in an annual series of wide-ranging discussions on food, started by the 1974 World Food Conference, was the first since the Ethiopian famine burst upon Western consciences last autumn. The atmosphere was more sombre than ever.

As many delegates remarked, the world food situation has never seemed so paradoxical or contentious as it does today: mounting food surpluses in the developed "North" and even in some developing countries; growing food shortages in the poorest nations of the "South"; and the increasing prospects of an agricultural trade war between the U.S. and the EEC.

It is all a far cry from the 1974 conference, which echoed to Dr Henry Kissinger's grandiose — and with hindsight, grotesquely misplaced — words about eradicating hunger within 10 years. Even last year's meeting, ironically in the Ethiopian capital of Addis Ababa, considered a paper arguing that "the potential for mass famine has been largely eliminated."

In 1974, against the background of famine in the Indian sub-continent and the Sahel, a draw-down of world food reserves to their lowest levels in 25 years and sharply rising food prices, the world's assumptions on the subject were fundamentally different.

The concensus was that the world was entering a period of tight food supplies brought about by population growth and that increased production in areas with food deficits could banish the worst of the hunger.

Mr John Block, the U.S. Agriculture Secretary, who clearly came to the meeting concerned not primarily with African famine but with trade wars, put the link in its baldest terms. Both the grain glut and the famine, he said, stemmed from the same basic source—man's "weakness or folly" in seeking government interference

In many parts of Africa, governments have sought to benefit urban consumers with subsidies, keeping food prices low and discouraging farmers from producing. In the North, meanwhile, governments had given too much incentive to their farmers.

Few other delegates would go as far as the U.S. Agriculture Secretary but many speakers drew attention to the paradox and pointed to the failures of policy in Africa and elsewhere.

Most also agreed—in theory at least—that, while food aid was essential as a short-term expedient, it did not constitute a lasting solution to the problems of Africa, and could even now be hampering African governments' ability, or sapping their will, to mount vital agricultural reforms.

Mr Block's answer is increased and freer trade. In a recitation of text book economics which clearly irked many third world representatives, he said: "The pursuit of self-sufficiency in developing countries can be harmful for them and the world economy as a whole . . . efforts to diversify crop production are very important to developing countries and we support those efforts, but they should be carefully designed to keep the principle of comparative advantage in mind. Comparative advantage will encourage developed nations to increase trade with developing nations, and vice versa."

Fine, say World Food Council officials—who prepared a collection of remarkably outspoken reports for the meeting—an expansion of world trade is essential if the poorest countries are to have any prospect of climbing out of their crisis. But that also presupposes reduced protectionism, including agricultural protectionism, in the North.

In a sideswipe at the U.S. and the EEC, the Council's American director Mr Maurice Williams said: "International markets are subject to aggressive and protective actions by industrial countries which have sufficient resources to intervene with production for export subsidies and import restrictions. Such practices are hampering many developing countries' potential to expand exports and weakening investment opportunities in their agricultural sectors."

This was also a concern expressed by French President Francois Mitterrand and his Agricultural Minister, M Henri Nallet, to back their argument that world agricultural markets should be "organised"—that is to say, carved up between exporters.

He delivered a polite rebuke to Mr Block's free-trade evangelism. "The problem is not to choose between two systems of foreign trade, protection, or free trade. Rather, it is a question of evaluatitng the conditions and the time frame in which trade can be free."

In other words, France, and hence the EEC—which almost invariably moves at the pace of its slowest member—will proceed towards a new round of international negotiations in the General Agreement on Tariffs and Trade in its own time, despite all Mr Block's huffing and puffing and regardless of his new $2bn export promotion scheme.

And although the U.S. this week firmly restated its opposition to organising markets some European observers expect this is what the eventual Gatt negotiations will come down to. In that respect, this week's meeting—while focusing on the dire circumstances in Africa — is actually a preliminary round of shadow-boxing on farm trade.

U.S. grain exporter attacks subsidy plans

BY NANCY DUNNE

A SENIOR official of one of the bigest American exporters of grain, has launched a surprising attack on U.S. moves to boost agricultural exports by offering more export subsidies.

Mr Rob Johnson, a vice president of Cargil, says in this month's company bulletin, that the rhetoric surrounding agricultural export subsidies "usually leads to shooting one's own foot." While intending to convey an image of strength and resolve it risks sending a message of impotence and unwillingness to make hard political choices, he argues.

In Washington there was some fear that food exporters would earn windfall profits from the new U.S. bonus grain export programme, he said. But Cargill and other exporters would prefer no subsidy scheme at all.

"Rather than advancing negotiating prospects, this subsidy proposal will likely set them back," he writes. "Because the EEC is not yet convinced that it needs to change the domestic policies that are creating its surpluses, it has little need or desire to negotiate."

Mr Johnson says that while it may feel good in the short term to "bump somebody out of a market," unless the demand pie actually grows, all that results is a rearranging of trade flows in a less efficient pattern. Meanwhile, the subsidiser gives away some wealth unnecessarily and risks offending his traditional customers.

Subsidies will knock grain prices down, he says, and then the U.S. will have a new problem: defending American agribusiness from newly advantaged foreign competition.

While subsidies can occasionally be useful in creating long-term demand, they are no substitute for the need to end government interference in the market.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	818-9	—3.0	813/813
3 months	841-2	—3.75	845/834

Official closing (am): Cash 813-.5 (820-1), three months 836.5-7 (843-.5), settlement 813.5 (848-.5). Final Kerb close: 840-2. Turnover: 15,000 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/Low
Cash	1127-8	+2.0	1128.5/1120
Three m'nths	1146-.5	+2.5	1148/1137

Official closing (am): Cash 1120.5-1.5 (1117-.5), three months 1139-.5 (1137.5-8), settlement 1121.5 (1117.5). Final Kerb close: 1148-49.

Cathodes			
Cash	1116-20	+3.5	1120/1140
Three m'nths	1133-5	+2.75	1134/1134

Official closing (am): Cash 1113-4 (1109-11), three months 1127-8 (1123-5), settlement 1114 (1111). Turnover: 24,850 tonnes. U.S. producer prices 66.00-70.00 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	317-9	+16.5	308/308
3 months	308-9	+6.25	308/308

Official closing (am): Cash 307.5-8 (302.5-.75), three months 303.5-4.5 (302-.5), settlement 308 (302.75). Final Kerb close: 305-5.5. Turnover: 12,650 tonnes. U.S. Spot: 19.00-21.00 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	£4380-90	—38.0	4470/4480
3 months	£4355-40	—35.0	4380/4320

Official closing (am): Cash 4440-5 (4440-5), three months 4355-60 (4400-51), settlement 4445 (4445). Final Kerb close. 4336-40. Turnover: 3,770 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	£9680-1	+13.0	9563/9555
3 months	£9562-70	+7.5	—

Official closing (am): Cash 9680-5 (9665-70), three months 9563-5 (9554-6), settlement 9685 (9670).

Standard			
Cash	9680-1	+15.5	9680/9678
3 months	9562-5	+6.5	9565/9555

Official closing (am): Cash 9680-5 (9650-5), three months 9563-5 (9550-2), settlement 9685 (9655). Final Kerb close: 9560-70. Turnover: 1,020 tonnes. Straits tin M$29.35 (29.32) kilo.

ZINC

	Official close(p.m.) £ per tonne	+ or —	High/low
Cash	573-4	—7.0	—
3 months	584-5	—6.25	589.5/581

Official closing (am): Cash 567-8 (578-80), three months 581.5-2 (580-1), settlement 568 (580). Final Kerb close: 581-3. Turnover: 11,650 tonnes. U.S. Prime Western: 45.50-47.50 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	June 12 1985	+ or —	Month ago
Aluminium	£1100	—	£1100
Free Mkt	$1055/085	—5	$1150/180
Copper			
Cash h Grade	£1127.5	+2.0	£1231.0
3 mths	£1146.25	+2.5	£1217.25
Gold troy oz	$314.25	—1.00	$323.25
Lead Cash	£318	+15.5	£300.5
3 mths	£308.5	+6.25	£302.25
Nickel			
Free Mkt	250/280c	—	249/279c
Palladium oz	$97.40	+0.65	$111.0
Platinum oz	$266	+1.45	$279.35
Quicksilvert	$288 290	—	$280/288
Silver troy oz	485.80p	—0.15	513.95p
3 mths	500.50p	—0.25	529.20p
Tin cash	£9680.5	+15.5	£9508
3 mths	£9563.5	+6.5	£9477.5
Tungsten	$75.39	—	$74.36
Wolfram 22 04lb	$58/62	—	$68/71
Zinc	£573.5	—7.0	£561
3 mths	£584.5	—6.25	£564.5
Producers	$950	—	$960

OILS	June 12 1985	+ or —	Month ago
Coconut (Phil)	$612.50v	—2	$720
Palm Malayan	$570y	—	$630
SEEDS			
Copra Phil	$370	—5	$430
Soyabean (U.S.)	$238.75w	+0.25	$248.0
GRAINS			
Barley Fut. Nov.	£101.5	—	£99.00
Maize	£146.50	—	£150.00
Wheat Fut Sept	£98.75	—0.10	£121.00
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. Sept.	£1784.5	+2	£1896
Coffee Ft. Sept.	£2139.5	+22	£2116
Cotton A Index	62.80c	—	65.05c
Gas Oil Aug.	$211	+0.25	$216.25
Rubber (kilo)	67p	+1	64p
Sugar (raw)	$88	+5.5	$87
Wooltops 64s	457pkilo	—	488pkilo

‡ Unquoted. x May-June. v June-July. w Sept. y July. † Per 76 lb flask. c Cents per pound.

INDICES

FINANCIAL TIMES

June 11	June 10	M'th ago	Yearago
277.39	275.92	292.23	305.46

(Base: July 1 1952 = 100)

REUTERS

June 12	June 11	M'th ago	Yearago
1787.8	1778.5	1877.5	1941.7

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Yearago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	June 6	June 5	Month ago	Year ago
Spot	117.78	117.47	—	140.63
Fut.	120.81	120.21	—	140.51

(Base: December 31 1974 = 100)

OIL

Brent Oil traded thinly in the morning, down to 25.75 for July and 26.21 for August, then recovered 20-25 cents in heavy afternoon trade. Short-covering strengthened Dubai prices. In general, the crude market remains nervous. Nymex W.T.I. for July opened 12 cents down but traded 3 cents up at 7 pm E.S.T. Within the petroleum products market forward gas oil prices remained stable while prompt levels firmed considerably on distressed short-covering demand. Little interest for high sulphur fuel but some U.S. demand for low sulphur lots. Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB ($ per barrel)—July	Latest	Change + or —
Arab Light	26.40-26.45	—
Arab Heavy	24.95-25.05	—
Dubai	25.50-25.35	+0.30
Brent Blend	25.90-25.99	—0.20
W.T.I. (1pm est)	26.95-27.00	—0.05
Forcados (Nigeria)	26.90-26.25*	—0.10
Urals (cif NWE)	25.50-25.56*	—0.10

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	260-262	—
Gas Oil	216-217	+5.5
Heavy fuel oil	126-128	—

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
July	211.75	—0.75	212.75-11.25
Aug	211.00	+0.25	211.25-09.75
Sep	212.00	—	212.25-11.00
Oct	213.00	—1.25	214.50-15.00
Nov	216.50	+0.25	216.50-16.50
Dec	219.50	+0.25	221.50-18.50
Jan	221.25	+1.25	—

Turnover: 1,020 (1,981) lots of 100 tonnes.

GOLD

Gold fell $1 an ounce from Thursday's close in the London bullion market yesterday to finish at $314-314½. It opened at the same level and traded between a high of $314¾-315¼ and a low of $313¾-313¾. Trading was extremely quiet ahead of U.S. economic date due for release today.

GOLD BULLION (fine ounce) June 12

Close	$314-314½	(£248¼-248¾)
Opening	$314-314½	(£248¼-248¾)
M'n'g fix.	$313.75	(£248.122)
Aft'n'n fix.	$314.50	(£248.459)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$321¾-322¼	(£254¼-254¾)
½ Krug.	$166¾-167¼	(£131¾-132¼)
¼ Krug.	$85¼-85¾	(£67½-67¾)
1/10 Krug.	$34¾-35¼	(£27½-27¾)
Mapleleaf	$323½-324	(£255¾-256)
New Sov.	$74¼-74¾	(£58¾-59)
½ New Sov	$45-46½	(£35½-36)
Old Sov.	$75½-76¾	(£59½-60¼)
$20 Eagle	$450-490	(£355-386)
Noble Plat	$274-277¼	(£217-219½)

SILVER

Silver was fixed 0.15p an ounce lower for spot delivery in the London bullion market yesterday at 485.8p. U.S. cent equivalents of the fixing levels were: spot 614.3c, up 0.55c; three-month 625.75c, up 0.5c; six-month 637.85c, up 0.1c; and 12-month 664.7c, up 0.55c. The metal opened at 488-498p (615-618c) and closed at 489½-492½p (619-622c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	485.80p	—0.15	489.5p	+1.8
3 months	500.50p	—0.25	504.0p	+2.8
6 months	516.00p	—0.50	—	—
12months	542.90p	—0.35	—	—

LME—Turnover: 33 (43) lots of 10,000 oz.

Morning: large three months high 501.5, low 501.0.

FREIGHT FUTURES

The Diffex was confined to a very narrow trading range throughout the day, and there was no physical news of consequence to report.

The Spot Baltic Freight Index was marked down 3.5 points to 919.0, in line with a slightly easier tone on trans Atlantic business, reports Clarkson Wolff. The Baltic Freight Index was 919.0, —3.50.

	Close	High/Low	Prev.
July	890/891	890/890	887/890
Oct.	910/912	912/911	912/915
Jan.	906/912	910.6/910	910/912
April	970/986	970/970	975/980
July	918/920	920/920	925/935
Oct.	970/980	—	975/980
Jan.	950/1050	—	980/1020
April	1045/1125	1045/1045	1070/1120

GRAINS

July wheat lost ground on profit-taking in continued nervous trading, closing around the day's low. New crops came under shipper selling pressure improving a little late in the day with no constructive news from EEC farm ministers after the German veto, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
July	117.90	—0.70	—	—
Sept	98.75	—0.10	97.85	+0.09
Nov	101.85	—0.30	101.50	—0.35
Jan	105.55	—0.25	105.10	—0.40
Mar	108.90	—0.36	108.00	—0.50
May	112.30	—0.30	110.85	—0.45

Business done—Wheat: July 118.50-7.85, Sept 98.70-8.60, Nov 101.85-1.80, Jan 105.60-5.45, March 108.95-8.90, May 112.15 only. Sales: 97 lots of 100 tonnes. Barley: Sept 97.90-7.80, Nov 101.50-1.45, Jan 105.25 only. Sales: 37 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring, No. 1, 15 per cent: July 143.75, Aug and Sept 140.60, Oct 143.50, sellers transhipment East Coast. U.S. No. 2 Soft Red Winter, July 124.75, Aug 127.15, Sept 130.75, Oct 131, sellers. English Feed, fob: June 121.50, Aug/Sept 99.00, Sept 100, Oct/Dec 104, Jan/March 110, sellers. Maize: U.S. No. 3 Yellow/French, transhipment East Coast: June 146.50, sellers: Barley: English Feed, fob: July/Aug 97.50, Aug 98.50, Oct/Dec 104.50, sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed Wheat: E Mids 116.00; N. East 117.70; Feed Barley: N East 112.30. The UK monetary coefficient for the week beginning Monday June 17 will remain unchanged.

COFFEE

After again testing the weeks tons coffee futures rebounded strongly towards the end of the session, reports Drexel, Burnham, Lambert. General book squaring in the morning was replaced by good commission house buying against a steady C contract in the afternoon as rumours circulated of further cold weather in Brazil. Prices ended with gains of £9.00-£28.00.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	2078-82	+11.5	2085-66
Sept.	2139-40	+22.0	2140-08
Nov.	2181-83	+25.5	2185-50
Jan	2213-15	+31.0	2215-82
March	2198-05	+16.5	—
May	2185-08	+13.0	—
July	2172-05	+09.0	—

Sales: 2,023 (1,859) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for June 11: Comp daily 1979 131.96 (132.43); 15-day average 131.80 (131.81).

COCOA

Although rallying £30.00 during the early part of the day futures eased back to unchanged at the close with the exception of the near position which held steady. Only limited physical interest was noted, producers made light sales at the highs but consumers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1822-1823	+22.0	1852-1798
Sept.	1784-1785	+2.0	1787-1776
Dec.	1746-1747	—6.0	1756-1745
Mar.	1755-1757	—3.5	1764-1755
May	1766-1766	+1.0	1771-1764
July	1767-1775	—0.5	1778-1770
Sept.	1776-1781	—0.6	—

Sales: 4,728 (3,422) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for June 12: 97.21 (96.68): five-day average for June 13: 96.38 (95.99).

SUGAR

LONDON DAILY PRICE—Raw sugar $88.00 (£69.50), up $5.00 (up £4.00) a tonne for June/July delivery. White sugar $134.00, down $1.50.

Prices rallied some $3.00 over the morning but later half the gains were lost as New York moved onto the defensive, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close $ per tonne	Previous close	Business done
Aug	91.8-91.2	89.0-90.8	91.2-89.2
Oct	95.0-95.2	91.4-91.8	95.2-91.6
Dec	97.8-98.8	95.5-97.4	98.8-97.8
Mar	109.8	108.2-108.8	109.5-107.8
May	112.8-113.6	110.0-115.6	113.4-112.2
Aug	118.0	118.2-120.8	120.0-116.4
Oct	124.0	124.0-125.0	125.0-123.8

Sales: 1,492 (1,634) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £171.50 (£167.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for June 11: Daily price 2.73 (2.69): 15-day average 2.77 (2.78).

SOYABEAN MEAL

The market opened around unchanged in quiet conditions, reports T. G. Roddick. Prices firmed on trade buying to close the market.

	Yesterday close £ per tonne	+ or —	Business Done
June	118.5-121.0	+5.25	117.5-117.5
August	114.5-114.9	+1.65	114.0-114.9
October	115.5-115.9	+2.15	115.0-115.8
Dec	121.8-122.8	+1.20	—
Feb	127.2-127.8	+1.80	127.0-127.8
Apr	128.2-129.8	+0.80	—
June	127.8-129.2	+1.00	—

Sales: 284 (201) lots of 20 tonnes.

POTATOES

Nervous profit-taking in quiet market conditions pushed values higher today, registering gains of £2.00 basis April during the afternoon trade. The rally to £80.10 was short-lived with selling interest on the close trimming levels to close barely steady, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov	60.40	59.80	61.00-59.80
Feb	67.30	66.50	—
Apr	78.90	78.00	80.10-78.10
May	84.60	84.00	85.50-84.30

Sales: 187 (439) lots of 40 tonnes.

PIGMEAT

Increased trading interest carried prices higher on the near positions, reports CCST Commodities.

Month	Yesterdays close p. per kilo (deadweight)	Previous close	Business done
Aug	101.40	100.60	101.50-100.60
Oct	107.00	105.70	107.00-106.80
Nov	107.50	106.00	106.50-106.20
Feb	99.30	99.00	—
April	99.50	99.30	—
June	96.00	97.00	—

Sales: 89 (9) lots of 50 carcases, 3,250 kg.

RUBBER

PHYSICALS — The London market opened sharply higher, met persistent selling throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 67.00p (66.00p), July 69.25p (68.75p). Aug 69.25p (68.75p).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB: Cattle 98.18p per kg lw (+1.55); GB: Sheep 190.43p per kg est d c w (—3.04): GB: Pigs 79.18p per kg lw (+1.20)

U.S. MARKETS

PETROLEUM markets were mixed with gasoline under pressure in reaction to a bearish API stocks figure while heating oil and crude strengthened in response to very low bulish iconsensus, reports Heinold Commodities. Precious metals moved modestly higher in featureless market, with most trading confined to evening up ahead of retail sales due tomorrow. Copper traded slightly higher in anticipation of better economic activity following recent interest rate reductions. Sugar firmed in response to additional buying interest from India. Coffee rallied on better cash interest and concern over cooler temperatures this weekend. Cocoa steadied with Brazilian selling posing resistance. Cotton traded under pressure on favourable crop prospects. The grain complex was generally steady to firm reflecting speculative buying on below normal temperature. Soyabeans weakened on precipitation benefiting the crop in the Midwest and Delta.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
June	4535	—	—	4545
July	4565	4560	4550	4565
August	4590	—	—	4585
Sept	4625	4630	4600	4635
Dec	4730	—	—	4740
Jan	4765	—	—	4775
March	4835	—	—	4845
May	4905	—	—	4915
July	4975	—	—	4985
Sept	5045	—	—	5055

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
July	146.72	147.80	145.50	145.30
Sept	148.68	149.40	147.00	146.98
Dec	148.61	149.70	147.20	147.02
March	147.88	148.65	146.65	146.40
May	147.08	147.10	147.00	145.63
July	146.00	146.00	146.00	144.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	60.80	60.80	60.80	60.50
July	61.05	61.40	60.90	60.80
August	61.50	—	—	61.25
Sept	61.95	62.30	61.80	61.70
Dec	63.00	63.30	62.85	62.75
Jan	63.20	—	—	63.00
March	63.65	63.90	63.70	63.45
May	64.05	64.35	64.35	63.90
July	64.45	64.80	64.46	64.30
Sept	64.85	—	—	64.70

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	62.80	62.70	62.05	62.35
Oct	61.25	61.33	60.85	61.27
Dec	61.69	61.80	61.20	61.68
March	62.60	62.85	62.25	62.65
May	62.75	63.00	62.75	63.00
July	63.25	63.50	63.25	63.52

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	313.6	315.3	313.5	313.8
July	315.2	—	—	316.4
August	316.7	318.2	316.5	316.9
Oct	320.3	321.5	320.4	320.5
Dec	324.3	325.8	324.0	324.5
Feb	328.5	329.4	328.7	328.7
April	332.7	333.8	332.9	332.9
June	337.3	—	—	337.5
August	342.1	343.3	343.3	342.3
Oct	347.1	—	—	347.3
Dec	352.1	—	—	352.3
Feb	357.6	357.3	357.3	357.8
April	363.2	—	—	363.4

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	145.85	146.70	145.50	146.00
Sept	142.80	143.55	142.70	142.90
Nov	141.10	141.70	141.20	141.20
Jan	140.20	141.00	140.75	140.75
March	140.20	—	—	140.50
May	140.20	—	—	140.75
July	140.20	—	—	140.75
Sept	140.20	—	—	140.75
Nov	140.20	—	—	140.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	262.6	—	—	263.9
July	263.1	265.5	261.0	264.5
August	—	—	—	—
Oct	267.8	269.5	266.5	268.1
Jan	272.8	274.2	273.5	274.1
April	277.8	278.7	277.5	279.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	618.3	620.0	615.2	616.2
July	620.5	628.0	618.5	617.7
August	624.2	—	—	621.4
Sept	628.5	635.0	627.0	625.7
Dec	640.6	647.0	639.0	637.9
Jan	645.1	—	—	642.4
March	653.2	—	—	650.7
May	662.3	—	—	658.8
July	671.9	675.0	673.0	669.5
Sept	682.1	—	—	679.8

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	2.90	2.91	2.85	2.82
Sept	2.97	2.99	2.94	2.91
Oct	3.09	3.09	3.01	3.04
Jan	3.42	3.43	3.33	3.40
March	3.81	3.85	3.74	3.80
May	4.01	4.08	3.96	4.01
July	4.22	4.31	4.15	4.25
Sept	4.38	—	—	4.41
Oct	4.52	4.57	4.43	4.54

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	60.30	61.10	60.25	60.95
August	62.52	63.25	62.50	63.17
Oct	62.47	63.17	62.42	63.07
Dec	63.60	64.10	63.55	64.07
Feb	64.35	64.50	64.25	64.55
April	65.32	65.55	65.25	65.50
June	65.85	65.85	65.85	65.85

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	47.72	47.90	47.40	48.17
July	50.47	50.67	50.32	50.85
August	50.40	50.50	50.20	50.60
Oct	47.22	47.42	47.15	47.42
Dec	48.57	48.80	48.50	48.72
Feb	49.80	50.10	49.72	50.00
April	46.12	46.60	46.12	46.65
June	48.65	48.75	48.62	48.62
July	49.50	49.50	49.50	49.45

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	67.45	68.00	67.30	68.50
August	67.07	67.60	66.90	68.07
Feb	73.77	74.10	73.40	73.72
March	73.75	73.80	73.50	73.35
May	74.70	74.70	74.00	74.35
July	74.70	74.70	74.25	74.45

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	278.0	278.2	276.6	276.6
Sept	263.0	263.0	261.6	262.0
Dec	258.6	258.6	257.2	257.6
March	267.4	267.8	266.0	266.6
May	270.6	271.0	269.4	270.4
July	270.6	270.8	269.4	269.6
Sept	56.2	257.4	256.0	256.0

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	583.4	594.0	582.4	586.6
August	577.2	586.6	577.0	580.2
Sept	572.2	580.0	571.0	574.2
Nov	576.0	583.0	576.0	577.4
Jan	584.0	591.4	584.0	585.4
March	594.0	601.4	594.0	595.2
May	602.4	609.4	602.4	603.0
July	607.4	613.0	607.4	609.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	122.7	124.3	122.0	121.9
August	125.6	127.0	124.9	124.9
Sept	128.5	129.8	127.8	127.8
Oct	131.3	132.5	130.3	130.7
Dec	135.7	137.3	135.5	136.0
Jan	138.0	140.5	138.0	138.6
March	143.2	145.5	143.2	144.0
May	148.3	149.5	148.3	148.3
July	151.0	153.0	151.0	151.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	31.13	31.98	31.02	31.72
August	29.97	30.68	29.76	30.33
Sept	29.03	29.60	28.80	29.40
Oct	27.95	28.55	27.85	28.32
Dec	27.07	27.55	26.82	27.35
Jan	26.55	26.98	26.40	26.83
March	26.08	26.50	25.90	26.35
May	25.75	25.80	25.50	25.25
July	25.05	25.25	24.85	24.85
August	25.00	25.15	25.00	24.65

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	328.0	328.4	323.0	323.0
Sept	329.6	330.4	324.6	324.4
Dec	334.4	337.2	331.6	331.4
March	337.0	337.8	333.0	333.0
May	326.4	328.6	323.6	322.0
July	308.0	308.4	307.0	306.4

OTHER MARKETS

SPOT PRICES

SPOT PRICES—Chicago loose lard 17.50 (20.00) cents per pound. New York tin 557.0-560.0 (556.0-557.0) cents per pound. Hardy and Harman silver bullion 617.50 (616.60) cents per troy ounce.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 540, 541, 542-541; Oct 541, 542, 542; Dec 539, 542, 542; Jan 539, 542, 542; March 548, 550, 550; May 555, 557, 557; Aug 567, 571, 570; Oct 567, 571, 571; Dec 567, 572, 571. Sales: 72.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 641.5, 641.5, 641.5-641.5; Oct 628.5, 630.0, nil; Dec 628.0, 630.0, nil; March 634.5, 636.0, nil; May 642.0, 649.0, nil; July 644.0, 650.0, nil; Oct 618.0, 640.0, nil; Dec 620.0, 650.0, nil. Sales: 5.

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Business was lethargic and traders avoided forward commitments. Users were content with existing suppliers.

HIDES

HIDES—Leeds (Birmingham). Second clears. Ox: 31-35.5 kg, 90.2p a kg withdrawn (90.0p withdrawn): 26-30.5 kg, 114.8p a kg withdrawn (118.0p). Cows: 25.5 kg, 112.8p a kg withdrawn (112.1p withdrawn).

ROTTERDAM

Wheat—(U.S. $ per tonne) U.S. No. 2 Soft Red Winter: July 139.50, Aug 142, Sept 148, Oct 146.50, sellers. U.S. No. 2 Northern Spring, 14 per cent protein: July 165, Aug 160, Sept 160, Oct 163, Nov 165.50, Dec 168.50, sellers. U.S. Northern Spring, 15 per cent protein: July 176, Aug 171, Sept 171, Oct 173.50, Nov 176.50, sellers. U.S. No. 3 Hard Amber Durum: June 174.50, July 174, Aug 167.50, Sept 160, Oct 165, Nov 168, sellers. Canadian No. 1 Western Amber Durum: June 179, July 178, Aug 177, Sept 176, sellers.

Maize—(U.S. $ per tonne) U.S. No 3 Yellow: Spot 131.50, Afloat 128, June 127.50, July 128, Aug 127, Sept 125, Oct/Dec 123.60, Jan/March 127.50, sellers. Argentine. Plate: Afloat 131.50, June 132, July 133.50, Aug 133, sellers

Thailand tapioca

BANGKOK — Thailand's Commerce Ministry has set a quota of 324,014 tonnes of tapioca for export to the EEC in the period from June 14 to October 13.

It said the quota, the fifth this year, brings total January/October exports set for the EEC to 2.9m tonnes.

Reuter

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady

The dollar finished towards the best level of the day against most currencies in thin, patchy trading. Most participants kept their levels of business to a minimum ahead of today's U.S. retail sales figures, a statistic which has this week assumed a rather important position in determining market thinking for no other reason than the current dearth of statistics relating to the performance of the U.S. economy.

Against this background the market turned its attention to the U.S. Federal funds rate in a vain attempt to interpret official policy on interest rates and the economy. Consequently there was no clear consensus, with fading hopes of an early cut in the discount rate countered by a relatively low Federal funds rate of 7¾ per cent. The dollar closed at DM 3.0890 from DM 3.0880 and Y249.80 compared with Y249.85. Against the Swiss franc it was marginally changed at SwFr 2.5985 from SwFr 2.5980 and FFr 9.41 compared with FFr 9.4125. On Bank of England figures, the dollar's exchange rate index was unchanged at 145.7.

STERLING — Trading range against the dollar in 1985 is 1.2945 to 1.0525. May average 1.2517. Exchange rate index 79.2 against an opening rate of 79.2 and 79.3 at Tuesday's close. The six months ago figure was 74.5.

Sterling was unaffected by the cut in base rates by two clearing banks as this only brought their rates into line with the other two clearers. With the dollar showing signs of lethargy ahead of today's retail sales figures, there was little movement during the day. Interest rates once again provided underlying support while the Opec meeting at the end of this month effectively restrained any bullish enthusiasm.

The pound closed at $1.2675, a rise of 45 points from Tuesday and was also higher against the D-mark at DM 3.9150, compared with DM 3.90. Elsewhere it finished at SwFr 3.2950 from SwFr 3.2825 and Y316.75 from Y315.5. Against the French franc it rose to FFr 11.92 from FFr 11.87.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. May average 3.1024. Exchange rate index 121.6 against 120.7 six months ago.

The dollar closed at DM 3.0825 after a fixing level of DM 3.0820 and there was no intervention by the Bundesbank. Tuesday's fixing was DM 3.0898. Trading was extremely quiet ahead of today's U.S. economic statistics.

STERLING INDEX

	June 11	Previous
8.30 am	79.2	79.3
9.00 am	79.2	79.3
10.00 am	79.2	79.3
11.00 am	79.2	79.2
Noon	79.2	79.2
1.00 pm	79.2	79.2
2.00 pm	79.3	79.2
3.00 pm	79.2	79.2
4.00 pm	79.2	79.3

£ IN NEW YORK

	June 12	Prev. close
£ Spot	$1.2686-1.2695	$1.2645-1.2655
1 month	0.55-0.52 pm	0.53-0.51 pm
3 months	1.53-1.49 pm	1.47-1.44 pm
12 months	4.15-4.00 pm	4.05-3.98 pm

Forward premiums and discounts apply to the U.S. dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	44.9008	45.2309	+0.74	+0.76	±1.5471
Danish krone	8.14104	8.04818	−1.14	−1.12	±1.6419
German D-mark	2.24184	2.24370	+0.08	+0.10	±1.1475
French franc	6.87456	6.83709	−0.55	−0.53	±1.3669
Dutch guilder	2.52595	2.52912	+0.13	+0.15	±1.5171
Irish punt	0.72569	0.716649	−1.25	−1.23	±1.6673
Italian lira	1403.49	1426.72	+1.66	+1.66	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

June 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2625-1.2690	1.2670-1.2680	0.54-0.51c pm	4.97	1.51-1.46pm	4.69
Canada	1.7259-1.7359	1.7305-1.7355	0.49-0.40c pm	3.08	1.36-1.21pm	2.95
Nethlnd.	4.38¾-4.41¾	4.40¾-4.41¾	2⅛-1⅞c pm	5.61	6⅞-6pm	5.61
Belgium	78.41-78.85	78.75-78.85	29-24c pm	4.04	78-69pm	3.73
Denmark	13.95¾-14.05½	14.04½-14.05½	3⅞-2⅞ore pm	2.46	9⅞-8½pm	2.60
Ireland	1.2430-1.2500	1.2453-1.2463	0.11p pm-0.06dis	−0.24	0.39pm-.04d	−0.56
W. Ger.	3.89-3.92	3.91-3.92	2⅞-2⅛pf pm	6.90	6⅞-6⅞pm	6.63
Portugal	220¼-224¾	220½-224½	90-415c dis	−13.65	400-1195dis	−14.37
Spain	221-221½	221¼-221½	30-60c dis	−2.44	135-185dis	−2.89
Italy	2,470½-2,485½	2,484½-2,485½	1 lire pm-2 dis	−0.24	4-8dis	−0.97
Norway	11.18½-11.25¾	11.24¾-11.25¾	½ore pm-¾ dis	−0.13	¼pm-¾dis	−0.07
France	11.85¾-11.92½	11.91½-11.92½	2⅞-2⅛c pm	2.58	6½-5½pm	1.99
Sweden	11.24¾-11.31	11.30-11.31	3½-4ore dis	−3.91	10½-11½dis	−3.80
Japan	315¾-317¾	316½-317¾	1.76-1.65y pm	6.44	4.99-4.86pm	6.22
Austria	27.32-27.40	27.34-27.40	15-13½gro pm	6.25	41⅞-37⅞pm	5.80
Switz.	3.27¾-3.30	3.29-3.30	2⅞-1⅞c pm	7.28	6-5⅞pm	7.06

Belgian rate is for convertible francs. Financial franc 79.15-79.25. Six-month forward dollar 2.64-2.59c pm. 12-month 4.10-3.95c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2625-1.2680	1.2670-1.2680	0.54-0.51c pm	4.97	1.51-1.46pm	4.69
Ireland†	1.0122-1.0196	1.0130-1.0138	0.43-0.37c pm	4.72	1.12-1.02pm	4.21
Canada	1.3668-1.3703	1.3693-1.3703	0.20-0.23c dis	−1.89	0.58-0.63dis	−1.77
Nethlnd.	3.4600-3.4825	3.4815-3.4825	0.24-0.22c pm	0.79	0.89-0.86pm	1.01
Belgium	62.03-62.23	62.10-62.20	8-7c dis	−1.28	15-17dis	−1.03
Denmark	11.04-11.07¾	11.06½-11.07¾	2-2½ore dis	−2.45	4⅞-4⅞dis	−1.64
W. Ger.	3.0765-3.0910	3.0885-3.0895	0.57-0.52pf pm	2.12	1.72-1.67pm	2.20
Portugal	175-177½	175-176½	150-400c dis	−18.75	450-1150dis	−18.18
Spain	174.87-175.40	175.10-175.30	100-115c dis	−7.37	315-335dis	−7.43
Italy	1,955-1,961½	1,960-1,961	9-9½ lire dis	−5.66	28-28½dis	−5.79
Norway	8.85-8.88½	8.88-8.88½	3½-4ore dis	−5.08	10½-11dis	−4.85
France	9.37½-9.41½	9.40½-9.41½	2.03-2.13c dis	−2.66	6.40-6.70dis	−2.78
Sweden	8.89½-8.92½	8.92½-8.92½	6½-7ore dis	−9.10	18-19dis	−8.31
Japan	249.06-249.90	249.75-249.85	0.33-0.29y pm	1.49	0.96-0.91pm	1.50
Austria	21.63-21.71	21.68-21.71	2½-1½gro pm	1.18	7-4½pm	1.06
Switz.	2.5890-2.6020	2.5980-2.5990	0.66-0.60c pm	2.91	1.76-1.70pm	2.67

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.45-62.55.

OTHER CURRENCIES

June 12	£	$		£ Note Rates
Argentina Peso	958.50-960.28	757.71-758.61	Austria	27.35-27.55
Australia Dollar	1.8860-1.8900	1.4905-1.4925	Belgium	78.45-79.25
Brazil Cruzeiro	7,135-7,155	5,640-5,650	Denmark	13.90-14.04
Finland Markka	8.0855-8.1087	6.3950-6.3970	France	11.81-11.93
Greek Drachma	170.56-174.23	134.95-137.78	Germany	3.88-3.92
HongKong Dollar	9.8260-9.8360	7.7710-7.7730	Italy	2465-2500
Iran Rial	117.50*	92.50*	Japan	315-319
KuwaitDinar(KD)	[illegible]	[illegible]	Netherlands	4.37-4.41
Luxembourg Fr	78.75-78.85	62.10-62.20	Norway	11.14-11.26
Malaysia Dollar	[illegible]	[illegible]	Portugal	213-230
New Zealand Dlr	[illegible]	[illegible]	Spain	214-224
Saudi Arab Rial	4.6105-4.6155	3.6505-3.6515	Sweden	11.20-11.31
Singapore Dollar	[illegible]	[illegible]	Switzerland	3.26-3.30
Sth African Rand	[illegible]	[illegible]	United States	1.25¾-1.27¼
U.A.E. Dirham	4.6575-4.6630	3.6720-3.6730	Yugoslavia	335-355

* Selling rate.

CURRENCY MOVEMENTS

June 12	Bank of England Index	Morgan Guaranty Change %
Sterling	79.2	−10.1
U.S. dollar	145.7	+31.1
Canadian dollar	87.8	−6.8
Austrian schilling	111.8	+3.7
Belgian franc	89.0	−11.3
Danish Kroner	[illegible]	[illegible]
Deutsche mark	121.5	+6.8
Swiss franc	138.9	+7.9
Guilder	115.1	+2.0
French franc	64.5	−15.6
Lira	45.5	−15.8
Yen	156.8	+12.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.786354	0.575641
U.S. $	7½	0.994030	0.728474
Canadian $	9.47	*	0.996552
Austria Sch.	4½	21.5287	15.7787
Belgian Fr	9¼	61.7491	45.2309
Danish Kr	7	10.9875	8.04818
Dmark	4½	3.06360	2.24370
Guilder	5	3.45137	2.52912
French Fr	9½	9.33186	6.83709
Lira	15½	1946.30	1426.72
Yen	5	248.09	181.791
Norway Kr	8	8.81009	6.45537
Spanish Pta	—	174.050	127.519
Swedish Kr	11.5	8.85035	6.48659
Swiss Fr	4	2.57832	1.88893
Greek Dr'ch	20½	136.511	99.9473
Irish Punt	15¾	N/A	0.716649

* CS/SDR rate for June 10: 1.38300.

EXCHANGE CROSS RATES

June 12	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.268	3.915	316.8	11.92	3.295	4.415	2485.	1.733	78.80
U.S. Dollar	0.789	1.	3.089	249.8	9.410	2.599	3.483	1961.	1.367	62.15
Deutschemark	0.255	0.324	1.	80.91	3.046	0.842	1.127	634.7	0.443	20.13
Japanese Yen 1,000	3.157	4.002	12.36	1000.	37.63	10.40	13.93	7845.	5.471	248.8
French Franc 10	0.839	1.063	3.284	265.7	10.	2.764	3.702	2085.	1.454	66.11
Swiss Franc	0.305	0.385	1.188	96.14	3.618	1.	1.339	754.2	0.526	23.92
Dutch Guilder	0.227	0.287	0.887	71.78	2.701	0.747	1.	563.2	0.393	17.86
Italian Lira 1,000	0.403	0.510	1.575	127.5	4.797	1.326	1.776	1000.	0.697	31.71
Canadian Dollar	0.577	0.732	2.259	182.8	6.878	1.901	2.546	1434.	1.	45.47
Belgian Franc 100	1.269	1.609	4.968	402.0	15.13	4.181	5.600	3154.	2.199	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

June 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	12⅝-12⅞	7⅞-7⅞	9⅞-9⅞	6¾-6⅞	5⅞-5⅞	5⅞-5⅞	10⅞-10⅞	12⅞-15⅞	8⅝ 8⅞	8¾-9	6⅛-6¼	10⅛-10⅝
Three months	12⅞-13⅛	7⅝-7¾	9⅞-9⅞	6¾-6⅞	5⅞-5⅞	5⅛-5⅝	10¼-10⅜	13⅛-13¼	8¾-9	8⅞-9⅛	6⅞-6⅞	9⅝-10⅛
Six months	12⅞-12⅞	7⅞-7⅞	9⅞-9⅞	6¾-6⅞	5⅛-5¼	5⅞-5⅞	10⅞-10⅞	13⅛-13⅜	8¾ 9	8⅞-9⅛	6¼-6⅜	9½-10
One year	11⅞-12⅛	8¼ 8⅜	9⅞-9⅞	6¾-6⅞	5⅞-5⅞	5⅝-5¾	10⅞-10⅞	13½-13⅞	9-9¼	9⅛-9⅝	6⅞-6⅞	9⅝ 9⅞

Asian $ (closing rates in Singapore): Short-term 7⅝-7¾ per cent; seven days 7⅝-7¾ per cent; one month 7⅝-7¾ per cent; three months 7 13/16-7 15/16 per cent; six months 7 13/16-7 15/16 per cent; one year 8 5/16-8 7/16 per cent. Long-term Eurodollars; two years 8¾-9⅛ per cent; three years 9¾-10 per cent; four years 10-10¼ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Late fall

Eurodollar contracts relinquished early gains to finish little changed from Tuesday in the London International Financial Futures Exchange yesterday. Values opened on a strong note following softer cash rates in New York and the Fed's failure to drain reserves.

However rumours of an upward revision in today's U.S. retail sales figures prompted a sell off at the day's highs. Buyers returned as contracts hit the day's lows but there was little clear incentive ahead of today's figures.

The day's selling also reflected comments by U.S. officials that it was still too early to judge the effects of the last discount rate cut. This was seen as implying that another reduction was not imminent although the scarcity of information on the course of the U.S. economy at the moment makes such a supposition a little dangerous.

Sterling based instruments were also sold off during the afternoon although gilt prices managed to recover slightly towards the close. Early trading had seen values steady to firm in light volume before fairly aggressive selling developed in the afternoon.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.93	92.09	91.87	91.93
Dec	91.45	91.61	91.44	91.45
March	91.04	91.19	91.04	91.03
June	90.68	90.83	90.78	90.69
Sept	90.47	—	—	90.30

Estimated volume 5,088 (5,011)
Previous day's open int 19,497 (19,649)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.36	88.42	88.35	88.38
Dec	88.89	88.92	88.88	88.83
March	89.05	89.10	89.08	89.04
June	89.05	89.15	89.14	89.08

Estimated volume 1,316 (1,071)
Previous day's open int 7,367 (7,123)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	106-09	106-16	106-14	106-16
Sept	110-08	106-16	110-04	110-12
Dec	110-18	—	—	110-22
March	110-24	—	—	110-26

Estimated volume 1,250 (1,972)
Previous day's open int 3,923 (2,955)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −10 to par (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.2510	1.2510	1.2495	1.2505
Dec	1.2390	—	—	1.2385

Estimated volume 6 (32)
Previous day's open int 9,888 (5,144)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3258	0.3264	0.3258	0.3264
Dec	0.3272	—	—	0.3284

Estimated volume 12 (43)
Previous day's open int 235 (234)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.3873	—	—	0.3879

Estimated volume nil (22)
Previous day's open int 179 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4021	0.4021	0.4017	0.4021

Estimated volume 3 (13)
Previous day's open int 149 (257)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	129.30	130.55	129.30	130.75
Sept	129.50	131.00	129.40	131.25

Estimated volume 837 (185)
Previous day's open int 1,584 (1,559)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	78-21	79-02	78-16	78-18
Sept	77-23	78-03	77-11	77-19
Dec	76-25	—	—	76-19

Estimated volume 2,860 (2,376)
Previous day's open int 2,131 (1,964)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	78-09	79-02	78-09	78-19
Sept	77-09	78-03	77-08	77-20
Dec	76-14	77-05	76-14	76-21
March	75-19	76-07	75-19	75-24
June	74-26	75-12	74-26	74-29
Sept	74-03	74-18	74-03	74-03
Dec	73-12	73-20	73-12	73-11
March	72-21	72-29	72-21	72-20
June	—	—	—	71-30
Sept	—	—	—	—
Dec	—	—	—	70-23

U.S. TREASURY BILLS (IMM)

	Latest	High	Low	Prev
Sept	92.76	92.89	92.75	92.79
Dec	92.44	92.56	92.44	92.45
March	92.11	92.20	92.11	92.10
June	91.84	91.89	91.84	91.79
Sept	91.62	91.63	91.52	91.54
Dec	91.38	91.36	—	91.32
March	—	—	—	91.12
June	90.92	—	90.92	90.94

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.59	92.66	92.59	92.59
Sept	92.22	92.38	92.22	92.29
Dec	91.75	91.90	91.75	91.81
March	—	—	—	91.32

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	92.28	92.38	92.28	92.29
Sept	91.89	92.07	91.86	91.95
Dec	91.38	91.56	91.37	91.46
March	90.94	91.14	90.94	91.02
June	90.52	90.76	90.52	90.65
Sept	90.26	90.43	90.26	90.33
Dec	90.03	90.13	90.03	90.03
March	89.60	89.85	89.60	89.75

STERLING (IMM) Se per £

	Latest	High	Low	Prev
June	1.2630	1.2675	1.2625	1.2615
Sept	1.2480	1.2525	1.2480	1.2470
Dec	1.2370	1.2430	1.2370	1.2385
March	—	—	—	1.2250
June	—	—	—	1.2200
Sept	—	—	—	1.2505

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	76-03	76-16	76-03	76-08
Sept	75-15	75-30	75-15	75-20
Dec	74-28	75-02	74-28	74-30
March	—	—	—	—
June	—	—	—	73-29
Sept	—	—	—	73-17

New York challenges for first place

BY WILLIAM DULLFORCE IN LUGANO

A CONFIDENT assertion that New York is well on the way to becoming the world's largest all round gold market, and advice from a Swiss banker about investments in gold, marked the second day of the Financial Times World Gold Conference here yesterday.

Brushing aside the doubts of many European delegations about the huge growth in secondary trading in America over the past few years, Mr Ronald Tauber, a partner of J. Aron-Goldman Sachs, forecast that New York would develop yet more sophisticated packages of options and forward trading instruments.

Moreover, Mr Tauber asserted that the American market promised to become the largest for trading in physical gold, as well as in so-called paper. So far, London and Zurich have been main centres for physical gold trade.

Mr Tauber pinpointed four factors to explain the vitality of the New York gold market, the first two being the availability of capital and the professionalism of the trading firms.

The existence of an organised futures market provided liquidity and breadth. The last and key addition in Mr Tauber's view was the innovative spirit New York has shown in developing hedging services for metal producers and consumers, and in leading the way in providing options.

Mr Urs Seiler, first vice-president of Union de Banques Suisses, however, was in sceptical vain, pointing out that the turnover in paper gold in COMEX, the U.S. commodities exchange, had reached more than 30 times the value of current world gold production.

The European approach to the metal differed greatly from the American. The European still saw gold as an instrument to protect assets from inflation, while to the Americans it was a commodity with a volatile price behaviour, Mr Seiler said. 2 The Americans did not hold gold to avoiding losing money but traded it in anticipation of making money. However, by creating Premex, their own metal broker, the big three Swiss banks had demonstrated their commitment to offering more competitive services. Although Zurich remained essentially a market for physical gold transactions, the Swiss bankers, too, were coming up with innovations, Mr Seiler said.

Mr Jack Spall, managing director of Sharps Pixley, described how the London gold market could benefit from the "Big Bang" next year when many stockbrokers, jobbers and gilt traders will become wholly owned by either British or foreign financial institutions.

The Frankfurt gold market, in the view of Mr Rolf Willi, assistant general manager of Dresdner Bank, was still not playing in the big league, but with a few changes in taxation, it could be promoted. He pointed to the strong pressure for liberalisation which was active at present in West Germany.

FINANCIAL TIMES
World Gold in 1985
CONFERENCE

Considering that a rise in the price of gold in the medium term seemed probable but by no means certain, Mr Hans Mast, executive vice-president of Credit Suisse, recommended that investors seeking either protection of assets or long term performance should put 5-10 per cent of the total assets into gold.

If their gold holdings exceeded this proportion, they should reduce them. Investors who held no gold, or who had not yet met the lower limit of 5 per cent, should start buying, Mr Mast advised.

To glean the advantages of "averaging," only a third to a half of their requirements should be bought immediately, the remaining orders being placed later at lower prices.

Traders and short term investors should act with circumspection, Mr Mast suggested, by buying at depressed prices of around $300 an ounce and being satisfied for the time being with relatively limited gains of 10 or 15 per cent.

Sig Vittorio Gori, president of Gori and Zucchi, provoked questions from the floor with a detailed account of the importance of the jewellery market as a stabilising factor in the overall gold market.

During the past four years, variations of up to 20 per cent in the dollar price for gold had been almost perfectly offset by the variations in the quantities of gold absorbed by the jewellery market. During those years, more than 60 per cent of new gold produced had been used to make carat jewellery.

Platinum has at present reached an historically low price in real terms, Mr Alan Austin, platinum marketing manager for Johnson, Matthey, pointed out. Nevertheless, with the possibility of the U.S. dollar weakening, demand for the metal strengthening, and supplies being at best adequate, Mr Austin saw some prospect of the price of platinum moving up to a level more in keeping with its real value.

Similarly, Mr Robert Beale, director of the dealing division at Samuel Montagu, considered that the prospect of the dollar weakening had produced a better climate for investment in silver.

If investors and speculators started taking a greater interest in precious metals, silver could well appreciate faster in price than gold, because its current price was near the marginal cost of production and it was a smaller margin, Mr Beale argued.

MONEY MARKETS

UK base rates at uniform 12½ p.c.

Barclays and Midland Bank both reduced their base rates yesterday from 12¾ per cent to 12½ per cent, bringing them into line with Lloyds and National Westminster. The market attached little significance to the move, treating the cut in effect as a cosmetic exercise. The prospects of an early assault on 12 per cent are as dependent as ever on sterling's performance and the market's current interest in money supply.

The Bank of England treated the cut in a similar fashion, leaving its money market intervention rates unchanged. Interbank money showed a small decline later in the day with three-month money at 12 7/16-12½ per cent compared with 12 9/16 per cent. Three-month eligible bank bills were bid at 11 15/16 per cent against 12 per cent. Overnight interbank money opened at 12½-12¾ per cent and eased to 11½ per cent before coming back to 12¾ per cent. Late balances were still bid at 12½ per cent despite the scale of help from the Bank. This was probably a reflection of the technical problems caused by applications for Abbey Life shares.

UK clearing banks base lending rate 12½ per cent since June 12

The Bank of England forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £224m and the unwinding of previous sale and repurchase agreements a further £594m. There was also a rise in the note circulation. These were partly offset by Exchequer transactions which added £500m and gilt/export credit repurchase facilities another £40m.

The Bank gave assistance in the morning of £285m comprising purchases of eligible bank bills, £56m in band 1 (up to 14 days) at 12⅜ per cent, £146m in band 2 (15-33 days) at 12⅜ per cent, and £5m in band 3 (34-63 days) as well as £17m of local authority bills all at 12⅜ per cent and in band 4 (64-91 days) £61m of eligible bank bills at 12 per cent. In the afternoon it gave further help of £111m through purchases of £105m of eligible bank bills in band 2 at 12⅜ per cent and £6m in band 3 at 12⅜ per cent.

The Bank also announced its intention to extend a £1bn temporary facility to July 22 from an original maturity date of July 18. The market currently enjoys the use of a maximum 2½ per cent of eligible liabilities equivalent to £2½bn, provided by the authorities in an effort to overcome recent money shortages.

MONEY RATES

June 12	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.40-5.50	10⅛	2⅛ 2⅝	6¾-6⅞	6.15625	15⅛-15½	8.85	12⅝-12⅞
One month	5.50-5.60	10⅛-10¼	5 5/16-5 7/16	6 9/16-6 11/16	6.21875	14⅞-15¼	8¾-9	12⅝-12⅞
Two months	5.55-5.70	10⅛-10¼	—	—	—	—	—	12¼-12¾
Three months	5.55-5.70	10⅛-10¼	5⅛-5¼	6 11/16-6 13/16	6.28125	15⅛-15½	8⅞-9⅛	12⅜-12⅝
Six months	5.6 5.75	10 3/16-10 5/16	—	6 11/16-6 13/16	—	—	8⅝-9⅛	12⅜-12⅝
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

June 12 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11½ 12¾	12⅛	12¼-12¾	11-12¼	—	—	—	—	—
2 days notice	—	—	12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12¾	12⅝	12⅞	12½-12⅝	—	—	—	—	—
One month	12 11/16-12⅝	12⅝-12¾	12⅝	12⅞	12½	12¼	12⅛	12¼	12 3/16	12⅞
Two months	12⅝-12½	12 9/16-12½	12½	12⅞	12¼	12⅛	12	12⅛	12 1/16	12¾
Three months	12 7/16-12⅜	12 9/16-12 7/16	12⅜	12⅝	12⅛	11 15/16	11⅞	11 15/16	11 15/16	12 9/16
Six months	12 5/16-11 15/16	12¼ 12⅜	12¼	—	—	—	—	11 11/16	11 11/16	12 7/16
Nine months	11 15/16-11⅞	12 5/16-12 3/16	—	—	—	—	—	—	—	—
One year	11⅞-11¾	11⅞-12	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13	—	12⅝	7.45-7.55	7 11/16-7 13/16	9 5/16-9 7/16
Two months	13⅛-12⅞	—	12⅝	7.45-7.55	7 11/16-7 13/16	9 5/16-9 7/16
Three months	13-12¾	—	12 7/16	7.50-7.60	7 11/16-7 13/16	9 5/16-9 7/16
Six months	12⅞-12⅝	—	12 5/16	7.60-7.70	7¾ 8	9 5/16-9 7/16
Nine months	12⅝-12⅜	—	12⅛	7.80 7.90	—	—
One year	12⅝-12⅜	—	12 1/16	8.00-8.10	8⅛ 8¼	9 5/16 9 7/16
Two years	—	11⅞	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period May 8 to June 4 (inclusive): 12.677 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from June 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.8517 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¼ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from June 11. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	8½
Fed funds	7⅛
Fed funds at intervention	—

Treasury Bills

One month	6.90
Two month	7.05
Three month	7.08
Six month	7.17
One year	7.30

Treasury Bonds

Two year	100¾
Three year	102½
Four year	105 11/32
Five year	101½
Seven year	108 9/32
10 year	107¼
30 year	107 11/32

FT LONDON INTERBANK FIXING

(11.00 a.m. June 12)

Three months U.S. dollars

bid 7 9/16	offer 7 11/16

Six months U.S. dollars

bid 7 3/4	offer 7 7/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Nuclear power programmes cut despite rise in electricity demand

BY IAN HARGREAVES IN ATHENS

EUROPE'S NUCLEAR power programme continues to be cut back in spite of indications that the Continent's electricity demand is approaching the level of available supply.

According to a study presented yesterday to the conference of Unipede—the International Union of Producers and Distributors of Electrical Energy—30,000 mW of capacity have been struck from European utilities' nuclear construction plans in the past three years.

A survey of Unipede's European members shows that by 1990 they will have 120,000 mW of installed nuclear capacity, compared with 150,000 mW forecast at the time of the last survey three years ago. Unipede's membership includes the whole of Western Europe, plus Poland and Hungary.

A separate study prepared for this week's meeting showed that Europe may now be close to absorbing the surplus power generating capacity built in the last decade. It says that the cold spell in January—the worst in 50 years — increased peak demands on the 17 Unipede European utilities to about 330,000 mW. This is a 15 per cent increase on the previous peak load in the winter of 1983-84.

According to the study, only the recent commissioning of new capacity, and "the remarkably reliable functioning of the generating mix, enabled consumption peaks to be absorbed without recourse to load shedding."

The lesson of the cold spell, Unipede says, is that utilities must continue to plan for a substantial supply cushion, even though they are often criticised for making wasteful investments. In particular, Unipede thinks more needs to be done to promote the spread of nuclear power which the organisation said yesterday is being restrained by irrational factors and excessively complex procedures.

A Unipede committee said yesterday that nuclear power now has a cost advantage of between 1.25 and 1.70 to 1 over coal-fired power stations. This, the committee argued, makes it possible to use nuclear output for meeting peak surges as well as in its traditional role as a supplier of base load power.

It is evident, however, that in spite of the industry's confidence in nuclear power, setbacks at the political level continue.

IMF praises Denmark's economic gains

By Hilary Barnes in Copenhagen

The IMF has added its voice to the chorus of praise for the achievements of the Danish economy over the past couple of years which it has described in an unpublished staff paper as "impressive."

The high GDP growth rate last year (3.9 per cent according to revised estimates), the reduction of the budget deficit and inflation, the increase in employment and a small reduction in unemployment, are singled out.

But the IMF says there were also two setbacks. First, price inflation, although lower was still higher than in competing countries and did not improve sufficiently for Denmark to achieve a competitive gain against other industrial countries.

Secondly, the current account deficit deteriorated from DKr 11bn in 1983 to DKr 17.6bn

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
100⅞	99⅛	Treas 11¼pc 1985	99⅞xd	..	11.51	13.02
99⅛	97¼	Treas 8¾pcCnv '85	99⅛	...	8.83	12.59
101⅛	99⅛	Exch. 12¼pc 1985	100	...	12.25	12.05
101⅛	99⅛	Exch 11½pc '86	99⅞	+ ⅛	11.70	11.77
99½	97⅛	Treas. 10pcCnv 1986	98¾	+ ⅛	10.13	11.54
94⅞	92¼	Treas 3pc 1986	94⅛		3.18	9.43
100	97½	Exch. 10½pc Cv '86	99⅛	+ ⅛	11.60	11.47
101⅞	99¼	Treas 12pc 1986	100½		11.94	11.45
97⅛	94¼	Treas 8¾pc 1984-86‡‡	97⅛xd	+ ⅛	8.74	11.40
105⅛	102⅛	Exch. 14pc 1986	103	+ ⅛	13.59	11.52
92⅛	87¼	Exch. 2½pc 1986	92⅛	+ ⅛	2.68	7.76
104⅛	101¼	Exch 13¼pc 1987	102¼	...	12.94	11.55
99½	96⅝	Treas 10¼pcCv '87	98⅛	+ ⅛	10.45	11.48
90⅞	85½	Exch 2½pc 1987	90⅞	+ ⅛	2.74	8.35
99⅛	96¼	Exch 10½pc 1987	98⅛	+ ⅛	10.66	11.35
93¼	89	Funding 6½pc '85-87‡‡	93¼		6.97	10.52
98½	95½	Treas. 10pc 1987	97⅝xd	+ ⅛	10.24	11.36
90⅛	84¼	Treas 3pc 1987	90⅛xd	+ ⅛	3.32	8.23
102⅛	99¼	Treas. 12pc 1987	101⅛		11.86	11.37
93⅛	90⅛	Treas 7¾pc 1985-88‡‡	93⅛		8.31	10.73
98⅛	95⅛	Exch 10½pc '88	98⅛	+ ⅛	10.70	11.26

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£97	£81	Matheson 7¼%	£95	−2	Q7¼%	2.3	F8.5	—
35	26	Maxiprint 1p	32	...	—	—	—	—
477	375	Metal Box £1	473	+40	17.25	92.8	5.3	6.7
170	136	Metal Closures	142	−2	6.7	2.0	6.7	8.9
17	9	Metal Sciences 2½p	12		—	—	—	—
104	73	Midland Marts	104d		4.0	1.8	5.5	13.2
*83½	68	Mitchell Cotts	70½	−½	4.0	1.5	8.1	10.1
230	182	Morgan Crucible	213	...	8.0	1.6	5.4	14.8
32	22	Morris (W) F.A. 20p	30	...	0.5	♦	2.4	♦
110	91	Moss (Robt.) 10p	107xd	...	3.0	2.5	4.0	11.8
81	68	Myson Grp 10p	76	...	2.5	3.4	4.7	14.4
410	267	NMW Computers	342	+2	6.0	2.7	2.5	21.0
43	33	Nash Inds.	33	...	2.5	1.5	10.8	7.6
48	24	Neil & Spencer 10p	26	−2	♦	—	—	7.8
44	14½	Newman Inds 10p	40	−2	—	—	—	(18.9)
44	18½	Do. 10pc Cm.Cv.Pf.	39xd	...	10%	—	3.7	—
55	43	Nolton	53	...	1.1	4.5	3.0	8.9
183	146	Norcros	171	...	8.6	♦	7.4	♦
67	50	Nu-Swift 5p	50xd	...	3.0	1.6	8.6	9.6
98	68	Oakwood Grp.	98	...	d4.5	1.4	6.6	(14.0)
226	150	Office & Elect	215xd	...	7.5	2.4	5.0	11.8
108	82	Oldacre 20p	82		4.0	2.6	7.0	7.3
58	37	Optometrics $0.01	54	...	Q02c	—	2.9	57.4
480	312½	Oriflame £1	460	..	23.4	1.3	7.3	14.3
18	15	Ovenstone 12½c	17xd	..	‡04.5c	♦	‡	♦
£178	£158	Ozalid 9pc Cnv 87-92	£174	..	Q9%	—	f5.3	—
185	105	PCT Grp 10p	160	..	4.8	2.9	4.2	9.8
£14	£10½	PLM 'B' Sk 25	£11	...	Q21.6%	♦	4.8	♦
193	168	PSM Intl	168	...	5.25	2.5	4.5	11.5
60	50	Pacific Sales 10p	55		[illegible]	[illegible]	[illegible]	[illegible]

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
232	198	Juliana's Hldgs 2p	213	...	2.0	1.8	1.2	35.1
268	217	LWT	250	...	14.4	2.3	8.2	7.6
65	55	Leisuretime Int 10p	58	...	2.1	3.9	5.2	6.2
162	146	Mngmt. Ag. M. 10p	162d	...	8.75	1.3	7.7	14.5
183	155	Media Tech Int 20p	178	−2	2.58	3.9	2.1	17.6
200	124	Medminster 10p	188	...	4.85	2.6	3.7	12.7
280	175	Miss World 10p	240	−5	3.6	4.1	2.1	16.4
127½	89	Nationwide Leisure	89	...	3.75	2.5	6.0	7.9
39	15	Nimslo Int 20c	28	...	—	—	—	—
24¾	19¾	Owners Abroad	21½	...	1.0	♦	6.6	♦
53	38	Photax (Lon.)	47	..	—	—	—	—
24½	21½	P'dilly Radio NV 5p	22½	...	1.87	1.1	12.1	10.9
90	38	Pineapple Dnc. 5t 10p	38	−9	d1.5	1.2	5.6	20.4
465	366	Pleasurama 5p	460	−2	9.2	3.7	2.9	13.6
119	109	Do. 7pcCvCmRedPf	118	..	—	—	—	—
96	77½	Pres Entertmt 50p	89	−½	2.0	2.1	3.2	21.1
65	28	Radio City 'A' NV	37	−3	‡5.6	0.9	‡	7.3
55	42	Radio Clyde N/V	42xd	−3	3.25	2.0	11.1	6.2
63	37	Riley Leisure 10p	55	−2	0.7	—	‡	—
193	143	Saga Hols. 20p	167	−1	4.0	2.1	3.4	17.8
£11½	540	Samuelson Grp £1	£10⅛	−⅛	9.0	3.6	—	39.3
42	25	Sangers Photo 10p	40xd	..	2.0	1.9	7.1	10.4
202	138	Scarva 50p	177	...	g3.68	2.6	3.0	53.4
156	128	Scott. TV 'A' 10p	130	...	8.8	2.8	9.7	5.4
508	319	SeaCo Inc $0.125	375	−1	—	—	—	—
15	9	Select TV 10p	9	...	—	—	—	—
140	28	Spectrum 5p	28	...	‡g2.0	4.8	‡	2.9
32	23	TSW 5p	26	...	1.5	2.6	8.2	6.6
142	108	TVS N/Vtg 10p	125	...	6.0	2.2	5.7	9.5

LEISURE—Continued; MOTORS, AIRCRAFT TRADES; Motors and Cycles; Commercial Vehicles; Components; Garages and Distributors; NEWSPAPERS, PUBLISHERS; PAPER, PRINTING, ADVERTISING; PROPERTY; PROPERTY—Continued; SHIPPING; SHOES AND LEATHER; SOUTH AFRICANS; TEXTILES; TOBACCOS; TRUSTS, FINANCE, LAND; Investment Trusts; INVESTMENT TRUSTS—Cont.; Finance, Land, etc; OIL AND GAS; OVERSEAS TRADERS; PLANTATIONS; Rubbers, Palm Oil; Teas; MINES; Central Rand; Eastern Rand; Far West Rand; O.F.S.; Diamond and Platinum; Central African; MINES—Continued; Finance; Australians; Tins; INSURANCES; LEISURE

MINES—Continued

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	140	Centenary Mar'b.	140	...	—	—	—
120	70	Colby Res Corp.	90		—	—	—
550	450	Cons. Murch. 10c	450		†Q100c	1.4	10.8
40	28	Ennex Int. Ir10p	30		—	—	—
215	157	Hampton Areas 10p	175	−2	3.75	2.1	2.9
260	155	Highwood Res.	165	−5	—	—	—
£22½	£18	Homestake Mining $1	£19⅝	−¼	Q20c	—	1.0
310	190	McFinley Red Lake	217		—	—	—
300	195	Musto Explorations	260	+5	—	—	—
55	23	New Sabina Res C$1	40	...	—	—	—
375	260	Northgate C$1	288		—	—	—
685	575	RTZ	575	−7	20.0	2.7	5.0
£145½	£127	Do. 9⅛pcLn '95-2000	£127		Q9⅛%	14.0	17.7
£14⅜	£10	Tara Explm $1	£11½	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable: bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✚ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‖ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	...	Arnott	175	...
Craig & Rose £1	900	...	CPI Hldgs	50	...
Finlay Pkg. 5p	61	...	Carrol Inds.	124	...
Higsons Brew	228xd		Dublin Gas.	53	...
Holt (Jos) 25p	740	...	Hall (R. & H.)	57	...
IoM Stm. £1	82	...	Heiton Hldgs.	16	...
IRISH			Irish Ropes	45	+2
Fund 11¼% 1988	£97	...	Jacob (W.& R.)	80	...
Nat. 9¾% 84/89	£91¼	+¼	Unidare	85	...
Fin. 13% 97/02	£101¼	.			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60		
Babcock	14	'Imps'	18	Brit Land	12
Barclays	48	Jaguar	28	Cap Counties	18
Beecham	32	Ladbroke	24	Land Secs	25
Blue Circle	45	Legal & Gen	50	MEPC	22
Boots	15	Lex Service	28	Peachey	22
Bowaters	28	Lloyds Bank	45	Samuel Props	14
Brit Aerospace	33	Lucas Inds	25	**Oils**	
Brit. Telecom	11	Marks & Spcr	11		
Brown (J.)	3	Midland Bk	30	Brit. Oil & Min	4
Burton Ord	39	NEI	8	Brit Petroleum	42
Cadburys	14	Nat West Bk	60	Burmah Oil	18
Comm Union	19	P & O Dfd	36	Charterhall	6
Courtaulds	12½	Plessey	17	Premier	5
Debenhams	17½	Polly Peck	26	Shell	60
Distillers	28	Racal Elect	18	Tricentrol	18
Dunlop	6	RHM	11	Ultramar	19
FNFC	8½	Rank Org Ord	32	**Mines**	
Gen Accident	45	Reed Intnl	50		
Gen Electric	17	Sears	8	Charter Cons	18
Glaxo	85	TI	20	Cons Gold	44
Grand Met	25	Tesco	28	Lonrho	14
GUS 'A'	60	Thorn EMI	35	Rio T Zinc	56
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 41

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Sharp fall in Beecham unsettles equity markets

30-share index down 14.4 at 984.0

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

The anouncement of preliminary figures from **Beecham** which failed to meet market expectations, was partly responsible for a reversal of the better trend which developed in equity markets on Tuesday.

The current big drain on market funds—the offer-for-sale of 135m Abbey Life shares at 180p closed yesterday and was believed to have been heavily oversubscribed—served to keep institutional investors on the sidelines. Oil price worries resurfaced and trading conditions became rather sensitive.

Yet another setback in the Electrical leaders following comment on the problems facing the computer industry also undermined sentiment. Lacking any decided trend from Wall Street, leading industrials opened cautiously and soon began to drift lower in the wake of sporadic selling. There were few signs of a worthwhile rally and most quotations closed at the day's lowest.

Apart from the Electrical leaders, the sharp fall in Beecham, down 28 at 350p, contributed towards the setback in the Financial Times Ordinary share index which closed 14.4 down at 984.0.

Oils remained friendless awaiting the full OPEC meeting scheduled for June 30. Speculative interest appeared to fade considerably, although demand for companies regarded as possible **Hanson Trust** bid targets was still in evidence.

Government stocks, in contrast, continued to edge higher. Trading conditions remained relatively quiet, but assisted by sterling's steady trend, long-dated stocks hardened ¼ further. The shorts also closed a fraction harder. The announcement of ½ per cent reductions in base rates by **Barclays** and **Midland**, which brings them into line with the other two major clearers, made little impact on sentiment.

Minet down again

Lloyd's Broker **Minet** declined 5 further to a 1985 low of 192p on continuing concern about the substantial underwriting losses incurred by its Richard Beckett agency. Others in the sector drifted lower with **C. E. Heath** closing 5 off at 638p and **Hogg Robinson** a couple of pence down at 192p. The proximity of the Abbey Life offer for sale tended to deter interest elsewhere in Insurances. Composites reacted after the previous day's strength.

Computer leasing group **IBL** staged a successful market debut despite the surrounding dullness; the shares, offered at 140p, opened at 155p and touched 156p prior to closing at 148p.

Breweries drifted lower for want of attention. **Guinness** dipped to 269p before settling 6 off on balance at 274p following uninspiring Press response to the interim statement. Elsewhere, **Arthur Bell** rose 5 for a two-day gain of 8 at 168p encouraged by rumours of recent Far-Eastern support. Occasional interest was also evident for cider makers **H. P. Bulmer** 14 to the good at 155p; the preliminary figures are due early next month.

Leading Buildings were marked progressively lower in the face of some fairly persistent selling and usually closed at the day's lowest. **BPB Industries** lost 8 to 250p, while **RMC**, still reflecting the chairman's warning about lower first-half profits, fell 10 to 362p. **Redland** softened a penny more to 278p awaiting today's annual results, while recently-firm **Tarmac** encountered profit-taking and slipped 6 to 600p. Elsewhere, the liquidation of speculative positions in the absence of any takeover developments left **French Kier** down 8 at 168p, but **Rowlinson** gained a penny to 36p in response to the increased preliminary profits and optimistic statement. **Exeter Building** were temporarily suspended at 142p, up a penny pending the result of Kent Holdings' tender offer; it was subsequently announced that the offer had been declared void following acceptances of less than 5 per cent.

Body Shop International, a speculative high-flier over the past month, slumped 55 to 735p as the near-trebled first-half profits still fell short of some market estimates. Other secondary Stores also went lower reflecting the liquidation of speculative positions. **W. H. Smith A**, 228p, and **Harris Queensway**, 238p, shed 8 apiece, while **Our Price**, buoyant recently following publicity given to the group's expansion plans, dipped 35 to 535p. **Dixons** gave up 17 more to 703p; last year the preliminary figures were announced on July 19. In contrast, fresh suport was noted for mail-order concern **N. Brown**, 25 up at 355p, and for **J. Hepworth**, 4 to the good at 232p. **Milletts Leisure** responded to revived demand in a restricted market and touched 176p before settling 8 up on balance at 170p. Among leading Retailers, **Gussies A** fell 10 to 795p, while **Marks & Spencer** eased 4 to 131p. **Burton**, up to 507p in the initial business, drifted to finish a net 2 cheaper at 496p, while takeover target **Debenhams** declined 4 more to 383p.

Sound Diffusion flat

Electricals remained in the doldrums. Adverse comment on the problems facing the computer industry, a profits warning from Philips Lamps and Sound Diffusion's dismal annual profits performance combined to bring further widespread depression to the sector. **Philips Lamps** fell ¼ to £12¼ and other leaders finished at their lowest levels of the day. **Racal** lost 10 to 176, **Standard Telephones and Cables** relinquished 8 more to 144p, while **Plessey** gave up 6 to 126p as did **Thorn EMI** to 430p. **BICC** lost 5 at 220p and **British Telecom** a like amount at 184p; the latter yesterday announced the acquisition of the Visionhire Cable Distribution system in the City of London. Elsewhere, **Sound Diffusion** expressed acute disappointment with the results—profits were nearly £5m below expectations — and dropped to 62p at one stage before closing 25 down on balance at 67p; **Access Satellite** declined 28 to 220p in sympathy. **MicroFocus** were another major casualty, falling 45 to 265p, after 240p, following news of the Board's rationalisation proposals. **Atlantic Computer** cheapened 15 to 340p and **AB Electronic** dropped 10 to 325p, while **Eurotherm** fell 10 to 325p, while **Eurotherm** fell 10 to 300p. **Northamber**, an isolated firm feature, rose 8 to 155p in response to speculative buying.

Chemring provided a firm feature in Engineering, rising 35 to a 1985 peak of 560p in reply to the impressive interim results and confident statement. **Staveley** rose 9 to 342p in anticipation of today's preliminary figures. Among the quietly dull leaders, **GKN** receded 4 to 233p and **Hawker** dipped 6 to 434p.

Current takeover favourite **Tate and Lyle** opened a few pence higher at 515p, but gradually drifted back to close a net 7 off at 505p. Elsewhere in the Food sector, **Tesco** revealed much-as-expected annual profits and, after touching 258p, reacted on profit-taking to finish a net 10 down at 245p. On the other hand, **Cullens** gained 6 to 173p in response to the chairman's optimistic statement on prospects. **Bassett** shed 4 to 183p, after 178p, in the wake of preliminary figures, but **Slaters Food Products** hardened a couple of pence to 75p despite lower annual profits. Buying in a restricted market lifted **Needlers** 12 to 132p.

Metal Box good

Metal Box jumped 40 more for a two-day advance of 70 at 473p following favourable reports emanating from an analysts' meeting in the wake of the annual results. Talk of a bid from Hanson Trust continued to help **Reed International** which rose 16 afresh to 650p. **Pilkington** initially improved to 300p on the higher preliminary profits before reacting to close only 2 dearer on balance at 290p. **Hanson Trust** were quoted ex-the £519m rights issue at 203p, down 7½, with the new nil-paid shares opening at 23p and closing at 17p premium. **Boots** and **Bowater**, both recently looked upon as possible Hanson Trust takeover targets, gave ground on profit-taking; the former cheapened 6 to 187p and the latter fell 9 to 284p. **Fisons** slipped 7 to 355p in sympathy with Beecham. Elsewhere in miscellaneous industrials, **Arenson** moved up 6 to 31p on an investment recommendation.

The Leisure sector displayed one of the day's few bright features in **Insight Group** which gained 12 to 168p in a restricted market on takeover speculation. On the other hand, **Pineapple Dance Studios** remained a friendless market and fell 9 to 35p. **Intervision** firmed a penny to 10p following newsletter comment.

East Midland Allied Press A attained a new high of 147p before closing 3 better on balance at 141p on further consideration of the full-year figures. Elsewhere, renewed demand in a narrow market lifted stationery manufacturers **Waverley Cameron** 14 for a three-day advance of 32 at 153p.

Properties turned easier as the interest generated by the Transatlantic Insurance bid for **Capital and Counties** faded. The latter, up 28 on Tuesday in the wake of Transatlantic's 225p per share offer, came back 5 to 218p. **Land Securities** slipped 3 to 284p and **MEPC** softened a penny to 289p. **Great Portland Estates** eased 4 to 148p awaiting the annual results. **Stock Conversion** shed 5 to 505p. Secondary issues were generally lower, but **Regalian** again proved the exception and rose 20 to 174p for a two-day gain of 26 following comment on the results and the group's London dockland development prospects. **Phoenix Property**, a volatile market recently, firmed 2 to 63p on news that Professor Roland Smith had been appointed to the board.

Among Shippings, **British and Commonwealth** rallied 12 to 243p; associate **Caledonia Investments** rose a similar amount to 242p.

Carpets International eased a couple of pence more to 59p—a fall of 11 so far this week on fading bid hopes. **Atkins Bros**, dull since last week's annual figures, rallied a few pence to 123p, while sporadic support was also noted for **John Beales**, 5 up at 88p, and for **Earlys of Witney**, 8 higher at 82p.

Tobaccos lost ground. **Imps** dipped 4 more to 187p despite a bullish circular from brokers Buckmaster and Moore. **Bats**, 323p, and **Rothmans International**, 169p, gave up 5 and 3 respectively.

Oils easier

Tuesday's modest rally in crude oil spot markets ran out of steam and leading oils were quick to react. An initial mark down of the majors triggered persistent small selling pressure and prices gave ground for much of the session before steadying after-hours. **Shell** settled 4 off at 683p, **LASMO** lost a similar amount to a year's low of 263p and **Britoil** eased 5 to 215p. **BP** closed unchanged at 525p, after 522p. **Burmah Oil** ran back 8 to 268p.

Second-line oils remained thoroughly depressed with **Saxon Oil** a further 13 cheaper at 365p, **Carless Capel** a net 5 lower at 160p, after 158p, and **Sovereign** 3 easier at a 1985 low of 125p. **Berkeley Exploration** dropped 7 7 to 110p. **Falcon Resources** advanced to 91p initially but encountered profit-taking to close only 2 up at 85p. Lack of support left the Irish exploration sector with minor losses across the board.

Minor gains in Golds

Bullion's resilient performance in London—the metal price closed little changed on balance after dipping to around $313 in New York overnight—encouraged another day of minor gains in South African gold shares.

The sector opened with small falls across the board, following the trend in bullion in the U.S. overnight, but subsequently edged higher for the rest of the session. The improvement reflected modest but persistent Johannesburg support following the generally satisfactory June dividend payments from the gold mines in the Gold Fields of South Africa group. At the close, the majority of leading heavyweights were left with gains that ranged up to ½, as in **Randfontein**, £74½, **Winkelhaak**, £22½, **Free State Geduld**, £19½ and **President Brand**, £19. Dividends from **Driefontein** and **Kloof** were regarded as a shade better-than-expected and shares ofboth companies rose ⅜ to £18⅜ and £29⅜ respectively, while the declaration from **Venterspost** boosted the latter a further 10 to 780p—a two-day rise of 25.

Financials failed to mirror the rally in Golds, with the notable exception of "**Amgold**" which rose £2⅞ to £67⅞.

London-registered Financials were unsettled by the latest setback in domestic equity markets. **Rio Tinto-Zinc** dropped 7 to equal the 1985 low of 575p while **Consolidated Gold Fields** gave up 5 to 525p, **Charter Consolidated** 3 to 185p and **Hampton Areas** 2 to 175p.

The neutral performance of Australians in Sydney and Melbourne markets overnight was reflected by another lack-lustre showing in leading "down-under" stocks. **Western Mining** managed a modest improvement at 200p, following news of a go-ahead of the near £300m copper/gold/uranium project at Olympic Dam in South Australia, and **Peko-Wallsend** put on 4 to 224p, but the remaining issues held at overnight levels. Golds lost further ground; falls in the region of 5 were common to **Central Norseman**, 403p, **Gold Mines of Kalgoorlie**, 453p and **Poseidon**, 195p.

Emperor Mines touched 207p before easing to close unaltered on balance at 203p in the wake of the proposed rights issue of one-for-four at A$2.35.

Demand for Traded Options improved slightly and total contracts struck amounted to 7,904—4,338 calls and 3,566 puts.

FINANCIAL TIMES STOCK INDICES

	June 12	June 11	June 10	June 7	June 6	June 5	year ago
Government Secs.	81.66	81.58	81.51	81.81	81.93	81.86	78.65
Fixed Interest	86.15	86.10	86.05	86.38	86.37	86.30	82.86
Ordinary	984.0	998.4	991.5	1001.6	1007.6	1017.1	834.5
Gold Mines	426.6	424.4	421.9	434.2	443.4	444.3	670.7
Ord. Div. Yield	4.69	4.62	4.65	4.62	4.59	4.56	4.73
Earnings, Yld.% (full)	11.72	11.58	11.67	11.58	11.51	11.43	10.98
P/E Ratio (net) (*)	10.42	10.54	10.45	10.54	10.60	10.68	10.93
Total bargains (Est.)	21,161	22,092	21,863	20,867	23,312	22,878	18,330
Equity turnover £m.	—	306.78	302.40	380.70	392.60	351.90	238.19
Equity bargains	—	17,304	18,504	18,126	17,852	19,213	13,636
Shares traded (ml)	—	150.3	156.1	178.6	184.4	223.2	136.1

10 am 998.2. 11 am 991.7. Noon 989.0. 1 pm 989.0.
2 pm. 989.0. 3 pm 988.5.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil = 10.08

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.38 (4/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (3/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	421.9 (10/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	June 11	June 10
Daily Gilt Edged Bargains	139.9	160.2
Equities Bargains	112.1	119.9
Equities Value	620.1	611.8
5 day Average Gilt Edged Bargains	156.5	164.2
Equities Bargains	116.5	118.9
Equities Value	701.1	714.5

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (49)

BRITISH FUNDS (1)
Exch 2½pc 1986 Treas 3pc 1987
Exch 2½pc 1987
COMMONWEALTH & AFRICAN LOANS (1)
5 Rhodesia 3½pc '80-85
BANKS (3)
Deutsche Bank Cie Bancaire
Wintrust
BREWERS (2)
Bell (Arthur) Do 9½pc Cnv '99/01
BUILDINGS (2)
Chessminster Rowlinson
CHEMICALS (2)
Ransom (Wm.) Snia BPD
STORES (3)
Brown (N.) Share Drug
Hepworth (J.)
ELECTRICAL (1)
Jones Stroud
ENGINEERING (6)
Chemring Parkfield
GEI Intl Ransomes Sims
Hampson Inds Robinson (T.)
FOODS (2)
Cullen's Hldgs Needlers
INDUSTRIALS (7)
Metal Box Toye
Radiant Metal Wade Potteries
Reed Intl Welpac
Stag Furniture
INSURANCE (1)
London Manchester Grp
LEISURE (1)
Insight
MOTORS (1)
Lucas Inds
NEWSPAPERS (1)
East Midland Allied A
PAPER (2)
Crown Intl Prod Saatchi & Saatchi
PROPERTY (4)
City Site Estates Property Part
CALA Regalian
TEXTILES (1)
Beales (J.)
TRUSTS (6)
Derby Trust Cap Do New Wrrts
German Smaller Inv Pacific Assets
New Throg Inc SPLIT Cap

NEW LOWS (101)

AMERICANS (2)
CANADIANS (2)
BANKS (1)
BUILDINGS (1)
STORES (1)
ELECTRICALS (33)
ENGINEERING (1)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (1)
LEISURE (3)
PAPER (1)
PROPERTY (3)
TRUSTS (18)
OILS (12)
MINES (9)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	48	2	58
Corpns Dom and Foreign Bonds	13	7	56
Industrials	166	398	892
Financial and Props	70	141	343
Oils	14	43	70
Plantations	0	5	13
Mines	37	42	100
Others	38	89	99
Totals	386	727	1,631

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed June 12 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues June 11 Index No.	Mon June 10 Index No.	Fri June 7 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (207)	[illegible]									
2 Building Materials (23)	[illegible]									
3 Contracting, Construction (29)	[illegible]									
4 Electricals (14)	[illegible]									
5 Electronics (37)	[illegible]									
6 Mechanical Engineering (63)	[illegible]									
8 Metals and Metal Forming (7)	[illegible]									
9 Motors (17)	[illegible]									
10 Other Industrial Materials (17)	[illegible]									
21 CONSUMER GROUP (178)	[illegible]									
22 Brewers and Distillers (23)	[illegible]									
25 Food Manufacturing (20)	[illegible]									
26 Food Retailing (14)	[illegible]									
27 Health and Household Products (9)	[illegible]									
29 Leisure (25)	[illegible]									
32 Newspapers, Publishing (12)	[illegible]									
33 Packaging and Paper (14)	[illegible]									
34 Stores (41)	[illegible]									
35 Textiles (19)	[illegible]									
36 Tobaccos (3)	[illegible]									
39 OTHER GROUPS (98)	[illegible]									
41 Chemicals (17)	[illegible]									
42 Office Equipment (4)	[illegible]									
44 Shipping and Transport (12)	[illegible]									
45 Miscellaneous (63)	[illegible]									
46 Telephone Networks (2)	[illegible]									
49 INDUSTRIAL GROUP (483)	[illegible]									
51 Oils (17)	[illegible]									
59 500 SHARE INDEX (500)	[illegible]									
61 FINANCIAL GROUP (113)	[illegible]									
62 Banks (6)	[illegible]									
65 Insurance (Life) (8)	[illegible]									
66 Insurance (Composite) (7)	[illegible]									
67 Insurance (Brokers) (7)	[illegible]									
68 Merchant Banks (11)	[illegible]									
69 Property (50)	[illegible]									
70 Other Financial (24)	[illegible]									
71 Investment Trusts (106)	[illegible]									
81 Mining Finance (4)	[illegible]									
91 Overseas Traders (14)	[illegible]									
99 ALL-SHARE INDEX (737)	[illegible]									

	Index No.	Day's Change	Day's High	Day's Low	June 11	June 10	June 7	June 6	June 5	Year ago
FT-SE 100 SHARE INDEX	1291.4	-16.7	1307.6	1291.1	1308.1	1299.6	1318.6	1322.0	1335.9	1064.7

FIXED INTEREST

PRICE INDICES	Wed June 12	Day's change %	Tues June 11	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	117.79	+0.06	117.72	—	5.09
2 5-15 years	129.44	-0.02	129.81	0.13	5.79
3 Over 15 years	136.40	+0.04	136.34	—	4.34
4 Irredeemables	145.91	+0.22	145.59	—	6.38
5 All stocks	128.29	+0.02	128.29	0.06	5.40
6 Debentures & Loans	109.06	+0.03	109.03	—	5.67
7 Preference	79.35	+0.04	79.31	—	3.16
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	111.09	+0.02	111.12	0.05	1.08

AVERAGE GROSS REDEMPTION YIELDS	Wed June 12	Tues June 11	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]		
2 Low Coupons 15 years	[illegible]		
3 Low Coupons 25 years	[illegible]		
4 Medium Coupons 5 years	[illegible]		
5 Medium Coupons 15 years	[illegible]		
6 Medium Coupons 25 years	[illegible]		
7 High Coupons 5 years	[illegible]		
8 High Coupons 15 years	[illegible]		
9 High Coupons 25 years	[illegible]		
10 Irredeemables	[illegible]		
11 Debs & Loans 5 years	[illegible]		
12 Debs & Loans 15 years	[illegible]		
13 Debs & Loans 25 years	[illegible]		
14 Preference	[illegible]		
15 Inflation rate 5%	[illegible]		
16 Inflation rate 10%	[illegible]		

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or –	Net Div.	Times covered	Gross Yield	P/E Ratio
193	[illegible]				Abbeycrest 10p	[illegible]					
§125	[illegible]				Aspen Comms. 5p	[illegible]					
172	[illegible]				Asda Property 20p	[illegible]					
130	[illegible]				Brent Walker 10p	[illegible]					
375	[illegible]				British Aerospace 50p	[illegible]					
476	[illegible]				Browns (C.) Car 10p	[illegible]					
165	[illegible]				Clayform Props. 5p	[illegible]					
‡‡	[illegible]				Clive Discount Wrrts.	[illegible]					
135	[illegible]				Colorol 10p	[illegible]					
84	[illegible]				Datron Int'l 5p	[illegible]					
200	[illegible]				Domino Print. Scienc.	[illegible]					
117	[illegible]				Electron House 10p	[illegible]					
§500	[illegible]				Holmes & March 10p	[illegible]					
§160	[illegible]				Huntleigh Tech 5p	[illegible]					
140	[illegible]				IBL 10p	[illegible]					
100	[illegible]				MartinCurrie Pac. 50p	[illegible]					
§120	[illegible]				Moorgate Group 5p	[illegible]					
50	[illegible]				Nordic Inv. Trust 10p	[illegible]					
41	[illegible]				Perkins Metals 10p	[illegible]					
100	[illegible]				Prestwick 5p	[illegible]					
*175	[illegible]				Sturge Hldgs 20p	[illegible]					
‡‡	[illegible]				[illegible]	[illegible]					
§120	[illegible]				Viewplan 5p	[illegible]					
95	[illegible]				Wold 5p	[illegible]					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+or –
[illegible]					Allebone 8¼% Cnv. Cum. Rd. Prf.	[illegible]	
[illegible]					Assoc. Brit. Eng. 8% Cum. Cnv. Rd. Prf.	[illegible]	
[illegible]					Bramall (C.D.) [illegible]	[illegible]	
[illegible]					Kennedy Brookes 8¼% Cnv. Un. Ln. '02	[illegible]	
[illegible]					Brit. Empire Sec. & Gen. [illegible]	[illegible]	
90.705					[illegible]	[illegible]	
[illegible]					Malaysia 10¾% Ln. 2009	[illegible]	
[illegible]					Nationwide Bldg. Soc. [illegible]	[illegible]	
[illegible]					Do. 12½% [illegible]	[illegible]	
94.895					Spain (Kingdom of) 11¼% Ln. 2010	[illegible]	
[illegible]					Woolworth 8¼% Cnv. Uns. Ln. 2000	[illegible]	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+or –
195	F.P.	[illegible]			Anchor Chemical	[illegible]	
200	F.P.	[illegible]			Bank of Scotland £1	[illegible]	
150	F.P.	[illegible]			Barclays £1	[illegible]	
350	F.P.	[illegible]			Beazer (C.H.) 70p	[illegible]	
28	[illegible]				Brit. Empire Sec. & Gen. 5p	[illegible]	
190	[illegible]				British Vita	[illegible]	
280	[illegible]				Emess Lighting	[illegible]	
134	[illegible]				English China Clays	[illegible]	
80	[illegible]				Godwin Warren	[illegible]	
185	[illegible]				Grosvenor Square 10p	[illegible]	
66	[illegible]				Hanson Trust	[illegible]	
515	[illegible]				Lon. & Northern	[illegible]	
26	[illegible]				Low (Wm.) 20p	[illegible]	
70	[illegible]				Newman Inds. 10p	[illegible]	
120	[illegible]				Slavin (I.D.S.) 5p	[illegible]	
[illegible]					Sutor 5p	[illegible]	
222	F.P.	28/6	[illegible]	[illegible]	Tesco 5p	[illegible]	
10	F.P.	12/7	40½	27	"The Times" Veneer	40	-½
150	F.P.	12/7	210	178	Tomkins (F.H.) 5p	203	
2	Nil	22/7	1½pm	1pm	Willaire Systems	1pm	

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✻ Unlisted Securities Market. § Placing price.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Beecham	350	−28
Body Shop Intl.	735	−55
Bowater Inds.	284	− 9
Guinness	274	− 6
IBL	148	—
ICI	753	− 9
Metal Box	473	+40
Milletts Leisure	170	+ 8
Pilkington Bros.	290	+ 2
Prudential	715	−10
Reed Intl.	650	+16
Sound Diffusion	67	−25

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7
July 8	July 19	Oct 10	Oct 21

For rate indications see end of Share Information Service

Call options were taken out in FKI Electricals, British Car Auction, GEC, Bryson, Energy Capital, Combined Technologies, Burmah, Premier Oil, Dalgety, Carpets International, Raybeck, Plessey, Sound Diffusion, Petranol, Boots, Bristol Oil and Minerals and Flextech. A put was done in MK Electric, while doubles were transacted in Sangers, STC, Riley Leisure, Petranol and Plessey.

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Royal Insce.	18	680	+20
Brent Walker	17	132	—
Metal Box	15	433	+30
Argyll Group	13	320	+12
Brammer	13	388	−12
BP	13	525	+ 7
Glaxo	13	£13¾	+ 0¼
BAT Industries	12	328	+ 5
Burton	12	498	+ 5
Cap. and C'ties	12	223	+28
ICI	12	762	+ 3
BOC	11	297	− 5
GRE	11	720	+15
Prudential	11	725	+ 7

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$320	23	10	—	—	—	—	$314.90
GOLD C	$340	16	3.50	16	10	11	17	"
GOLD C	$360	1	1.50	3	36	—	—	"
GOLD P	$280	—	—	10	4.10	—	—	"
GOLD P	$300	13	3.80	5	8.50	—	—	"
GOLD P	$320	3	10.50	10	15	—	—	"
		June		Sept.		Dec.		
SILVER C	$600	1	18	20	60	5	90	$621
SILVER C	$700	—	—	1	15	1	28	"
SILVER C	$750	—	—	—	5	14	18	"
SILVER P	$700	9	85	3	85	—	—	"
$/FL C	FL.345	30	4.20	—	—	—	—	FL.347.65
$/FL C	FL.350	5	1.80	—	—	—	—	"
$/FL C	FL.360	63	0.30	—	—	—	—	"
$/FL C	FL.365	6	0.10	—	—	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: [illegible]

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*525)	460	76	90	—	3	[illegible]	[illegible]
	500	38	55	70	8	[illegible]	[illegible]
	550	10	25	40	30	[illegible]	[illegible]
	600	1½	12	23	76	[illegible]	[illegible]
Cons. Gold	[illegible]						
Courtaulds	[illegible]						
Com. Union	[illegible]						
Cable & Wire	[illegible]						
G.E.C.	[illegible]						
Grand Met.	[illegible]						
I.C.I.	[illegible]						
Land Sec.	[illegible]						
Marks & Sp.	[illegible]						
Shell Trans.	[illegible]						
Trafalgar Hse	[illegible]						
LASMO	[illegible]						
Lonrho	[illegible]						
P. & O.	[illegible]						
Racal	[illegible]						
R.T.Z.	[illegible]						
Vaal Reefs	[illegible]						
Ex 10½ 1989	[illegible]						

Option		Aug.	Nov.	Feb.	Aug.	Nov.	Feb.
BAT Inds.	[illegible]						
Barclays	[illegible]						
Brit. Aero	[illegible]						
Bt. Telecom	[illegible]						
Imperial Gp.	[illegible]						

Option		June	Sept.	Dec.	June	Sept.	Dec.
BTR	[illegible]						
Beecham	[illegible]						
Boots	[illegible]						
De Beers	[illegible]						
GKN	[illegible]						
Hanson	[illegible]						
Jaguar	[illegible]						
Tesco	[illegible]						
FT-SE Index	[illegible]						
Exx	[illegible]						

June 12 Total contracts 7,904. Calls 4,338. Puts 3,566
* Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

June 12	Price Sch.	+ or —
Creditanstalt	360	-7
Goesser	526	...
Interunfall	1,750	+60
Laenderbank	345	+9
Perlmooser	650	-20
Steyr-Daimler	176	+5
Veitscher Mag	620	-5

BELGIUM/LUXEMBOURG

June 12	Price Frs.	+ or —
B.B.L.	3,030	-5
Banq. Int. A. Lux	6,020	...
Bekaert B.	6,040	..
Ciment CBR	2,350	-30
Cockerill	228	2
Delhaize	9,500	+300
EBES	3,015	-20
Electrobel	8,380	...
Fabrique Nat	1,975	-5
GB Inno BM	4,630	...
GBL (Brux)	1,885	-5
Gevaert	3,755	95
Hoboken	5,510	60
Intercom	2,260	+40
Kredietbank	8,990	15
Pan Hldgs.	10,990	...
Petrofina	5,990	...
Royale Belge	12,000	-200
Soc. Gen. Banq.	3,450	...
Soc. Gen. Belge	1,920	+15
Sofina	7,280	+100
Solvay	4,590	-40
Stanwick Intl.	1,500	...
Tractionel	3,870	+55
UCB	5,300	-120
Wagon Lits	3,400	+100

DENMARK

June 12	Price Kroner	+ or —
Andelsbanken	298	...
Baltic Skand	570	10
CopHandelsbank	291	1
D. Sukkerfab	490	10
Danske Bank	314	1
De Danske Luft.	1,145	...
East Asiatic	237	5
Forenede Brygg.	935	...
Forenede Damp.	149	3
GNT Hldg	400	5
I.S.S.B.	429	-2
Jyske Band	655	...
Novo Ind	1,700	...
Privatbanken	282	-1
Provinsbanken	348	+1
Smidth (F)	252	...
Sophus Berend	1,060	...
Superfos	422	5

FRANCE

June 12	Price Frs.	+ or —
Emprunt 4½% 1973	1610	18
Emprunt 7% 1973	8230	30
Accor	276	4
Air Liquid	655	-7
BIC	559	10
Bongrain	1,970	...
Bouygues	821	5
BSN Gervais	2,600	...
CIT-Alcatel	1,351	-9
Carrefour	2,165	-35
Club Mediter'n	517xc	13
Cie Bancaire	659xc	-13
Cofimeg	301	+2.3
Damart	2,165	-5
Darty	1,380	-9
Dumex S.A.	703	-1
Eaux (Cie Gen)	717	-16
Elf-Aquitane	219	-1
Essilor	2,550	-20
Gen. Occidentale	741	-9
Imetal	121	-1.9
Lafarge Coppee	570	+1
L'Oreal	2,631	-37
Legrand	2,285	-15
Maisons Phenix	252	-2
Matra S.A.	1,910	-10
Michelin B.	1,021	-19
Midi (Cie)	2,659	+4
Moet Hennessy	2,000	-35
Moulinex	92.9	-1.1
Nord Est.	91.5	-0.1
Pernod Ricard	796	-13
Perrier	552	-5
Petroles Fra.	255	-3.2
Peugeot S.A.	403	-5
Printempt Aus	396	7
Radiotech	312	4
Redoute	1,395	8
Roussel Uclaf	1,680	14
Sef.meg.	375	-1
SkisRossignol	1,580xc	...
Telemech Elect.	2,470	+22
Thomson CSF	537	-1
Valeo	220.1	3.9

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

GERMANY

June 12	Price Dm.	+ or —
AEG-Telef	136	-0.2
Allianz Vers	1387xr	-45
BASF	222.5	-0.5
Bayer	232.5	0.3
Bayer-Hypo	346	5
Bayer-Verein	379 xd	-2
BHF-Bank	318	3
BMW	431	-1.2
Brown Boveri	210.5	-6.5
Commerzbank	203.5	-2.2
Cont'l. Gummi	148.5	1.5
Daimler-Benz	827	-9
Degussa	341	-1
D'sche Babcock	155	-2
Deutsche Bank	552 xd	-3
Dresdner Bank	227.2xd	-1
GHH	155.5	-4
Hochtief	560	...
Hoechst	223.5xd	-0.5
Hoesch Werke	111	+1.8
Holzmann (P)	478	...
Horten	180	...
Hussel	294	+4
Karstadt	230	...
Kaufhof	242	-2
KHD	261	-2
Kloeckner	71.5	+1
Linde	485	-3
Lufthansa	197	...
MAN	158	+1
Mannesmann	182	+1
Mercedes Hld.	727	-8
Metallgesel	266	-11.3
Munech Rueck	1,790	-5
Nixdorf	595	+4
Porsche	1290	+38
Preussag	278.5	...
Rhein West Elect	169.9	-0.4
Rosenthal	257.2	...
Schering	478.5	-1.5
Siemens	575.5	+1
Thyssen	118	+1.8
Varta	227.3	+1.3
Veba	306.7	+2.7
V.E.W.	137	0.9
Verein-West	325	-2
Volkswagen	279.9	-1.4

ITALY

June 12	Price Lira	+ or —
Banco Com'le	21,500	200
Bastogi-IRBS	235.5	2
B.I-invest	3,860	+20
Centrale	3,408	-58
Credito Varesino	4,271	19
Fiat	3,450	+50
Finsider	70.2	...
Generali Assicur.	49,500	480
Italcementi	95,400	1,500
La Rinascente	876	5
Montedison	1,821	-61
Olivetti	6,799	+9
Pirelli Co	4,350	-2
Pirelli Spa	2,685	-5
Snia BPD	3,450	-9
Toro Assic.	16,160	140
do Pref	11,500	...

NETHERLANDS

June 12	Price Fls	+ or —
ACF Holding	214	-1
AEGON	199.5	0.5
Ahold	232.5	-1.5
AKZO	110.3	1.3
ABN	454	-2
AMEV	248	1.8
AMRO	79.2	-1
Bredero Cert	172.5	+2
Bos Kalis Westm.	20	+0.1
Buehrmann-Tet.	92.7	3.3
Calland Hldgs.	36.6	0.4
Dordtsche Pet'm	170.5	0.8
Elsevier NDU	121.5	-0.5
Fokker	128.7	2.8
Gist Brocades	187.7	1.8
Heineken	149.7	-0.6
Hoogovens	61.4	-0.5
Int Mueller	49.8	0.5
KLM	62.4	-0.9
Naarden	48.5	1
Nat Ned Cert	66.2	0.5
Ned M'd Bank	190	1.7
Nedlloyd	168	0.5
Oce Grinten	324	0.3
Ommeren (Van)	28.7	0.3
Pakhoed	62.3	1
Philips	52.5	3.6
Robeco	75.7	0.2
Rodamco	141	-1.1
Rolinco	69.7	-0.2
Rorento	46	-0.1
Royal Dutch	191.5	0.9
Unilever	347.5	0.5
VMF Stork	196.5	-1.5
VNU	205	1
West Utr Bank	105.8	-1.7

NORWAY

June 12	Price Kroner	+ or —
Bergens Bank	137	-0.5
Borregaard	440	...
Christiania Bank	141	+0.5
DenNorske Cred	151	+1.5
Elkem	134.5	-4.5
Kvaerner	164.5	-1.5
Norsk Data	336xc	-5
Norsk Hydro	106	+1
Storebrand	275	...

SPAIN

June 12	Price Pts %	+ or —
Bco Bilbao	349	...
Bco Central	323	...
Bco Exterior	199	...
Bco Hispano	158	-1
Bco Popular	345	-5
Bco Santander	344	+1
Dragados	150.5	-0.8
Hidrola	81.2	-1.3
Iberduero	92	-0.5
Petroleos	146.2	-1.5
Telefonica	123	-0.8

SWEDEN

June 12	Price Kronor	+ or —
AGA	375	-5
Alfa Laval	186	+4
ASEA (Free)	335	+5
Astra (Free)	385	...
Atlas Copco	105	+1
Cardo (Free)	235	-1
Cellulosa	116	...
Electrolux B	262	-1
Ericsson	296	-2
Esselte	385	...
Mo och Domsjo	154 xc	-1
Pharmacia	186	2
Saab Scania Free	350	...
Sandvik	370	...
Skandia	295	...
Skan Enskilda	48.0	-0.5
SKF	203	-1
St Kopparbergs	140	-1
Sven Handlesbn	150	...
Swedish Match	198	...
Volvo B (Free)	217	-1

SWITZERLAND

June 12	Price Frs.	+ or —
Alusuisse	807	+4
Bank Leu	3,750	-50
Brown Boveri	1,750	+30
Ciba Geigy	3,200	+35
do. (Part Certs)	2,500	+20
Credit Suisse	2,675	+5
Elektrowatt	2,785	+5
Fisher Geo.	871	-11
Hoff-Roche PtCts	92,500	-250
Hoff-Roche 1/10	9,250	...
Jacobs Suchard	6,050xr	...
Jelmoli	2,250	-60
Landis & Gyr	1,830	+90
Nestle	6,230	-30
Oer-Buehrle	1,540	+40
Pirelli	338	+5
Sandoz (Br)	8,525	+25
Sandoz (PtCts)	1,400	...
Schindler (Pt Cts)	850	+5
Sika	1,350	-20
Surveillance	4,600	-20
Swissair	1,180	-5
Swiss Bank	408	...
Swiss Reinsce	11,800	...
Swiss Volksbk	1,660	...
Union Bank	3,960	+10
Winterthur	4,200	-75
Zurich Ins.	25,010	60

AUSTRALIA

June 12	Price Aust $	+ or —
ANZ Group	4.52	+0.07
Alliance Oil Dev.	1.15	...
Ampol Pet	1.83	...
Ashton	0.98	+0.01
Aust. Cons. Ind.	3.48	+0.04
Aust. Guarantee	2.35	-0.05
Aust. Nat. Inds	2.35	-0.55
APM	2.72	-0.04
Bell Group	7.0	...
Bell Res.	6.8	...
Bond Corp Hldgs	1.26	...
Boral	3.3	+0.02
Bougainville	2.02	...
Brambles Inds	3.67	-0.01
Bridge Oil	2.35	-0.15
B.H. Prop	6.18	...
CRA	5.94	0.04
CSR	2.71	...
CastlemaineTys.	5.8	...
Coles (G.J.)	3.65	...
Comalco "A"	2.07	-0.08
Consolidated Pet	0.39	...
Costain Aust.	1.55	...
Dunlop Olympic.	2.18	...
Elders IXL	2.9	...
Energ Res.	1.50	...

AUSTRALIA (continued)

June 12	Price Aust.$	+ or —
Gen. Pro. Trust	2.22	-0.01
Hardie (James)	3.14	+0.04
Hartogen Energy	2.95	-0.15
Herald W'yTimes	4.3	-0.05
ICI Aust.	1.88	-0.02
Jimberlana F.P.	0.3	...
Kia Ora Gold	0.15	...
Lend Lease	6.76	-0.06
MIM	2.78	-0.04
Mayne Nickless	2.98	...
Myer Emporium	1.86	...
Nat. Aust. Bank	4.3	-0.05
News	7.4xc	...
Nicholas Kiwi	1.7	-0.05
North Bkn Hill	2.25	-0.13
Oakbridge	0.88	-0.02
Pancont'l	1.57	-0.01
Pioneer Conc.	1.75	...
Poseidon	3.7	-0.1
Queensland Coal	1.59	+0.01
Reckitt & Coln.	3.55	-0.01
Repco	1.2	-0.01
Santos	5.56	-0.04
Smith (Howard)	4.7	...
Thos. Natwide	1.9	+0.02
Tooth	5.2	-0.03
Vamgas	4.0	-0.05
Western Mining	3.8	...
Westpac Bank	4.2	-0.04
Woodside Petrol	1.45	+0.08
Woolworths	2.73	...
Wormald Intl.	3.7	+0.1

HONG KONG

June 12	Price H.K.$	+ or —
Bank East Asia	23.0	-0.5
Cheung Kong	15.6	+0.3
China Light	15.0	+0.1
Evergo	1.03	+0.02
Hang Seng Bank	46.5	+0.25
HK Electric	7.85	+0.1
HK Kowloon Wh.	6.0	+0.1
HK Land	5.35	+0.15
HK Shanghai BK.	7.6	...
HK Telephone	95.5	+1.0
Hutchinson Wpa	23.1	+0.3
Jardine Math.	11.0	...
New World Dev.	6.60	+0.05
Orient O'seas	2.12	+0.02
Oseas Trust Bk.	3.15	...
SHK Props	10.9	+0.1
Shell Elect.	1.25	...
Swire Pac A	21.3	+0.4
TV—B	6.8	+0.1
Wheel'k Mard A.	7.25	...
Wheel'k M'time	1.10	...
World Int. Hldns.	1.88	-0.22

JAPAN

June 12	Price Yen	+ or —
Ajinomoto	1,150	-10
Alps Electric	1,650	-40
Amada	982	+33
Asahi Chem	1,000	-10
Asahi Glass	910	+25
Bridgestone	534	+4
Canon	1,160	+20
Casio Comp.	1,610	...
Chugai Pharm.	1,100	+10
Citizen	446	-5
Daiei	743	+6
Dai Nippon Ptg	1,170	+10
Daiwa House	661	-9
Ebara	426	+1
Eisai	1,380	+90
Fanuc	8030xc	-10
Fuji Bank	1,610	+10
Fuji Film	1,830	-20
Fujisawa	948	+15
Fujitsu	1,070	...
Green Cross	2,460	+80
Hasegawa	460	+10
Heiwa Real Est.	925	-10
Hitachi	735	-10
Hitachi Credit	1,160	-20
Honda	1,310	-20
House Food	765	-3
Hoya	1,940	+20
Itoh (C)	430	+11
Ito. Yokado	2,570	...
Iwatsu	900	...
JACCS	350	-10
JAL	7,290	+450
Jusco	850	...
Kajima	320	-2
Kao Soap	840	+1
Kashiyama	700	+9
Kirin	707	-7
Kokuyo	1040	-10
Komatsu	468	+8
Konishiroku	710	-11
Kubota	337	+3
Kumagai	640	-9
Kyoto	4,380	-60
Maeda Const.	605	-7
Makino Milling	1,000	-10
Myakita	1,000	...
Marubeni	338	+3
Marudai	684	+16
Marui	1,250	-30
MEI	1,440	-20
M'ta Elec Works	793	-2
M'bishi Bank	1,600	+20
M'bishi	651	+8
M'bishi Elect	390	+2
M'bishi Estate	785	+7

JAPAN (continued)

June 12	Price Yen	+ or —
MHI	324	-12
Mitsui	358	-5
Mitsui Estate	810	-9
Mitsukoshi	571	-14
NGK Insulators	818	+3
Nihon Cement	294	-8
Nippon Denso	1,290	...
Nippon Elect	1,050	-20
Nippon Express	435	+2
Nippon Gakki	1,470	...
Nippon Kokan	140	...
Nippon Oil	853	-9
Nippon Seiko	520	-4
Nippon Shimpan	670	+4
Nippon Steel	161	+1
Nippon Suisan	361	-4
NTV	13,010	+10
Nippon Yusen	312	...
Nissan Motor	525	-3
Nisshin Flour	525	-5
Nisshin Steel	175	+3
Nomura	1,180	+10
Olympus	1,180	+10
Orient Leasing	3,100	+100
Pioneer	1,900	+20
Renown	730	-6
Ricoh	950	+5
Sankyo	1,360	...
Sanyo Elect.	415	+6
Sapporo	465	-8
Sekisui Prefab	696	-4
Seven-Eleven	8,400	+50
Sharp	896	...
Shimadzu	734	+2
Shionogi	860	+15
Shiseido	1,130	...
Sony	4,140	-40
Stanley	825	-25
S'tomo Bank	1,880	-10
S'tomo Elect	790	-4
S'tomo Marine	710	+7
S'tomo Metal	153	-1
Taihei Dengyo	505	-11
Taisei Corp.	250	-6
Taisho Pharm.	1,170	+40
Takeda	865	-5
TDK	4,750	-10
Teijin	452	-1
Teikoku	782	-21
Tokio Marine	920	-8
TBS	937	+22
Tokyo Elect Pwr	8,090	+10
Tokyo Gas	230	+1
Tokyo Sanyo	710	+12
Tokyo Style	970	+25
Tokyu Corp	485	-1
Toppan Print	870	...
Toray	460	-5
Toshiba Elect	372	-3
TOTO	725	+1
Toyo Seikan	1,040	-40
Toyota Motor	1,210	-10
Victor	1,830	-10
Wacoal	708	+13
Yamaha	713	...
Yamanouchi	2,780	+30
Yamazaki	834	+4
Yasuda Fire	549	+10
Yokogawa Bdge.	515	-5

SINGAPORE

June 12	Price $	+ or —
Boustead Hldgs.	1.64	-0.02
Cold Storage	2.49	-0.02
DBS	6.0	-0.05
Genting	6.2	...
Haw Par. Bros.	2.24	-0.01
Hong Leong Fin.	2.91	+0.01
Inchcape Bhd.	2.38	...
Keppel Shipyard	1.60	+0.02
Malay Banking	5.9	-0.1
Malay Utd. Ind	2.4	-0.04
Multi Purpose	0.86	...
OCBC	9.0	-0.2
OUB	3.14	-0.04
Public Bank	1.45	-0.05
Sime Darby	1.97	-0.08
Singapore Press.	6.05	-0.05
Straits Trdg.	4.42	-0.02
Tat Lee Bk	2.74	-0.01
UOB	4.12	-0.04

SOUTH AFRICA

June 12	Price Rand	+ or —
Abercom	1.50	-0.05
AE&CI	8.0	...
Allied Tech	58.0	...
Anglo Am Coal	50.0	...
Anglo Am Corp	28.40	-0.05
Anglo Am Gold	170	+2
Barclays Bank	18.9	+0.1
Barlow Rand	12	+0.15
Buffels	73	-0.5
CNA Gallo	2.95	...
Currie Finance	4.25	...
De Beers	10.2	-0.3
Driefontein	47.25	+0.60
FS Geduld	47.75	+0.25
Gold Fields SA	51	-0.25
Highveld Steel	4.55	-0.05
Nedbank	13.4	...
OK Bazaars	15.00	...
Protea Hldgs.	2.3	...
Rembrandt	38.25	-0.5
Rust Plat	15.10	-0.05
Safren	16.80	+0.05
Sage Hldgs.	10	...
SA Brews	8	+0.1
Smith (AG)	27.25	-1.75
Tongaat Hulet	6.8	...
Unisec	5.3	...

CANADA

TORONTO

Closing prices June 12

Total sales 9,824,418 shares

MONTREAL

Closing prices June 12

Sales	Stock	High	Low	Close	Chng
22375	Bank Mont	$29⅞	29⅝	29¾	-⅛
2595	ConBath	$16¼	16	16⅛	-⅛
525	DomTxtA	$10	10	10	
625	MntTrst	$16⅜	16	16	-⅜
36070	NatBk Cda	$20⅛	19⅞	19⅞	-⅛
2900	Power Corp	$27¼	27	27	-½
2900	RollandA	$19¾	19¾	19¾	+⅛
9054	Royal Bank	$30	30	30¼	+⅛
1193	RoyTrstco	$21¾	21⅝	21¾	+¼
1450	SteinbrgA	$40½	40⅜	40½	+½

Total Sales 1,392,256 shares

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 43

LONDON

Chief price changes

(in pence unless otherwise indicated)

RISES

Arenson Group	31	+6
Brit & Common	243	+12
Bulmer (HP)	155	+14
Chemring	560	+35
Insight	168	+12
Metal Box	473	+40
Northamber	155	+8
Reed Int	650	+16
Regalian	174	+20
Waverley Cam	153	+14

FALLS

Access Sat	220	-28
Beecham	350	-28
Body Shop Int	735	-55
Boots	187	-5
Burmah Oil	268	-8
French Kier	168	-8
Hanson Trust	203xr	-7½
Harris Queens	238	-8
Micro Focus	265	-45
Minet Hldgs	192	-5
Our Price	535	-35
Philips Lamps	£12⅛	-¾
Pineapple	38	-9
Plessey	126	-6
RMC	362	-10
Racal Elect	176	-10
Sound Diff	67	-25
STC	144	-8
Tate & Lyle	505	-7
Tesco	245	-10

Indices

NEW YORK-DOW JONES

	June 12	June 11	June 10	June 7	June 6	June 5	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,308.34	1,313.84	1,318.44	1,318.42	1,327.28	1,320.56	1327.28 (6/6)	1184.96 (4/1)	1327.28 (6/6/85)	41.22 (2/7/32)
Transport	642.21	651.33	653.79	653.45	658.83	655.80	658.83 (6/6)	553.83 (4/1)	658.83 (6/6/85)	12.32 (8/7/32)
Utilities	163.78	163.73	163.57	163.88	163.98	163.32	164.76 (17/5)	146.54 (4/1)	164.76 (17/5/85)	10.5 (28/4/42)
Trading vol		102m	87.9m	88.9m	117.1m	143.8m	—	—	—	—

	June 7	May 31	May 24	Year Ago (Approx)
Ind Div Yield %	4.66	4.65	4.70	4.88

STANDARD AND POORS

	June 12	June 11	June 10	June 7	June 6	June 5	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	207.19	208.88	209.37	209.35	211.13	210.83	211.13 (6/6)	128.24 (4/1)	211.13 (6/6/85)	3.62 (30/6/32)
Composite	187.61	189.04	189.51	189.63	191.06	190.16	191.06 (6/6)	163.68 (4/1)	191.06 (6/6/85)	4.40 (1/6/32)

	June 5	May 29	May 22	Year Ago (Approx)
Ind div yield %	3.71	3.76	3.74	4.18
Ind. P/E Ratio	11.78	11.58	11.64	10.98
Long Gov Bond Yield	10.65	10.60	10.75	13.44

N.Y.S.E. ALL COMMON

June 12	June 11	June 10	June 7	1985 High	1985 Low
108.87	108.58	109.93	109.97	110.68 (6/6)	109.43 (4/1)

RISES AND FALLS

	June 11	June 10	June 7
Issues traded	2,024	2,005	2,003
Rises	732	633	592
Falls	813	900	967
Unchanged	479	472	444

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
RCA	1,888,500	46½	+1⅛
Wang Mdwrk	1,689,700	18⅝	+⅛
IBM	1,514,500	124⅞	-1⅛
Cont'l Data	1,335,300	27⅝	-2½
Kaneb SVC	1,281,000	8⅜	-⅜
Wld-So UTL	971,400	14⅛	-⅛
Pacf G E	961,200	21⅛	-⅛
Sperry CP	920,900	57⅞	+⅜
AM Express	918,800	47	+⅛
Hous Ind	886,200	27½	each

Advances 625 Declines 883

TORONTO

	June 12	June 11	June 10	June 7	1985 High	1985 Low
Metals & Minls	1,924.3*	1,929.9	1,936.8	1,951.8	2190.7 (13/2)	1886.8 (4/1)
Composite	2,716.0*	2,717.2	2,723.6	2,738.1	2766.1 (5/6)	2348.5 (8/1)
MONTREAL Portfolio	133.19*	132.95	133.48	134.14	135.55 (5/6)	117.88 (4/1)

* Indicates pre-close figure

	June 12	June 11	June 10	June 7	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	854.6	856.9	(c)	858.2	904.5 (20/5)	715.5 (7/1)
Metals & Minls. (1/1/80)	509.3	511.8	(c)	515.9	583.8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	102.75	101.60	100.48	100.24	102.75 (12/6)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2356.45	2349.45	2360.78	2383.54	2384.12 (5/6)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	193.56	193.18	191.85	193.56 (11/6)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	229.4	230.3	230.7	231.3	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	129.9	129.3	129.8	130.6	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	470.28	464.68	459.85	462.56	470.28 (12/6)	382.38 (3/1)
Commerzbank (1/12/53)	1388.3	1369.9	1356.6	1365.4	1388.3 (12/6)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1502.94	1492.15	1571.87	1542.55	1847.68 (17/5)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	323.91	325.34	314.38	311.67	325.34 (11/6)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12748.0	12758.9	12683.5	12718.6	12790.3 (30/5)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1089.42	1008.85	1004.80	1005.7	1089.42 (11/6)	916.85 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	211.8	213.8	213.4	214.5	214.5 (7/6)	185.6 (3/1)
ANP-CBS Indust (1970)	176.9	178.8	177.9	178.1	178.8 (11/6)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	338.51	340.02	341.46	342.62	345.97 (3/6)	299.18 (2/1)
SINGAPORE						
Straits Times (1966)	791.32	797.97	805.21	800.32	852.66 (7/5)	764.38 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	863.0	845.9	(u)	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	960.8	962.2	(u)	975.6 (24/5)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	109.25	109.69	110.14	110.32	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1549.46	1351.14	1548.36	1357.69	1486.98 (11/2)	1242.54 (6/6)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	437.5	435.4	435.3	438.4	438.4 (7/6)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	212.2	212.1	215.0	214.3 (7/6)	184.6 (4/1)

** Saturday June 8: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—284.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c-Closed. u Unavailable.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
2⅜	1½	PatPtri			4	262	2¼	2⅛	2¼	+⅛
17½	11½	PayNP	.60	4.0	13	301	14⅞	14¾	14⅞	+⅛
23⅜	19½	PayCsh	.16	.8	17	936	20⅛	18⅝	19	−1⅛
10⅝	6¼	Peabdy	.20	2.1	23	129	9⅞	9⅝	9⅝	−⅛
1⅞	15-32	Pengo				70	9-16	½	½	
58⅝	41⅞	PenCen			11	270	54⅞	54¼	54¼	−⅞
65⅝	44⅝	Penney	2.36	4.7	9	953	49⅞	49⅝	49¾	
27¾	20⅝	PaPL	2.56	9.6	8	1685	26⅝	26⅜	26⅝	+⅛
38½	30	PaPL pf4.50		12.		z210	39	38	39	
78¼	57¾	PaPL pf8.60		12.		z250	73	72	73	
28⅞	23¼	PaPL dpr3.42		12.		32	28½	28¼	28¼	
27½	20	PaPL dpr2.90		12.		54	25½	24½	24½	−⅝
71	56½	PaPL pr8.40		12.		z2000	71¾	71¾	71¾	+¾
28½	22⅝	PaPL dpr3.25		12.		21	27⅞	27⅝	27⅝	−½
30¾	25¼	PaPL dpr3.75		12.		39	30¼	30	30¼	+¼
96⅝	81¾	PaPL pr 11		12.		z170	95	94½	95	
109½	94½	PaPL pr 13		13.		z100	103	103	103	+1½
70⅝	54½	PaPL pr 8		12.		z60	67¾	67¾	67¾	+¼
72½	58½	PaPL pr8.70		12.		z220	71	71	71	−½
40¼	31½	Penwlt	2.20	6.0	12	195	37	36⅝	36⅞	+¼
25⅝	20	Penw pf1.60		6.9		24	23½	23	23¼	+½
54⅝	30¾	Pennzoil	2.20	4.2	24	698	53½	52½	52½	−¼
87	72	Penz pfB	8	9.0		z610	u90	89	89	+6
18⅞	9½	PeopEn	1.20	6.8	7	5741	18	17⅝	17⅝	−¼
44	24¾	PepBoy	.40	.9	18	134	42⅞	42⅝	42⅞	+¾
60⅛	38⅞	PepsiCo	1.78	3.0	24	3768	59¼	58¾	58¾	−¼
30⅜	17⅞	PerkEl	.56	2.3	12	957	24⅛	23⅝	23⅞	+⅛
10	7⅝	Prmian	1.21e	14.		333	8¾	8⅝	8¾	
22⅛	13¾	PeryDr	.28	1.4	15	38	20¼	20	20	−⅛
44	28	Petrie	1.40	3.4	15	236	41⅛	40½	41⅛	−⅛
28⅞	24⅝	PetRs	3.72e	15.		77	26	25½	25⅝	−⅜
17	14	PetRs pf1.57		9.6		6	16½	16⅛	16⅜	−⅛
7⅛	4	Prlnv	1e	24.		70	4¼	4⅛	4⅛	
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Technology dictates the course

WEAKNESS in technology stocks again proved the undoing of Wall Street yesterday, when a heavy fall in IBM stock helped drive the stock market down uncomfortably close to the Dow 1,300 mark breached only a few weeks ago, *writes Terry Byland in New York.*

During the early part of the session, stocks traded steadily, and were rallying from initial falls. But the heart went out of the blue-chip sector when IBM disclosed that profits for the first nine months are unlikely to match last year's.

Also discouraging was a fall of three quarters of a point in bonds as traders anticipated higher M1 figures today.

The entire technology sector turned down after bearish comments from Mr John Akers, IBM's chairman and chief executive, to securities analysts. He said that the company was "unlikely" to show solid growth in earnings and revenue this year, prompting an immediate $5¼ slide in the company's share price to $120⅞.

Prices steadied at mid-session, but turned down as technology stocks lost ground on the IBM statement. By the close, the Dow Jones industrial average was a net 7.50 points down at 1,306.34 on reduced turnover of 98.4m shares. The Dow transportation average was sharply lower, as railroad issues ran into sellers.

The stock market was clipped back at the opening by other bad news from the technology sector, which has been a significant area of weakness in the equity market. The Semiconductor Association disclosed a 9 per cent drop in U.S. semiconductor orders in the three months to May.

Helping to buoy the market was a general rally in oil stocks ahead of the meeting of Opec ministers, rescheduled for July 5.

The latest in a number of bearish articles in the investment press questioned growth both for the computer industry in general, and for IBM, its brightest star, in particular.

Control Data, the troubled computer group, added to the sector's problems with news that it had abandoned attempts to sell Commercial Credit, its consumer finance subsidiary. Wall Street regarded the sale of Commercial Credit as an important step in the rebuilding of Control Data's computer business. Control Data stock fell $3 to $27¾ in heavy turnover.

North American Philips, still weak after warning that second-quarter earnings would be lower, dipped a further $1½ to $34¼.

Provisonal settlement of the strike by pilots at United Airlines found a mixed reception. United failed to sustain a rally, ending $½ down at $55½, but stocks in other airlines, which have been taking traffic from United, were mixed. Pan American fell $¼ to $6, and American at $44⅞ shed $1⅛.

Railroad stocks were generally slightly down, although selling died away at noon. Burlington Northern fell $1⅛ to $56½ and Union Pacific dipped $1 to $47⅛.

Turnover in motor stocks slackened as the investment press continued to review General Motors' purchase of Hughes Aircraft and its implications for both the auto and technology industries. At $73⅞, General Motors shaded by $⅜ while Ford added $⅛ to $45⅝ and Chrysler dipped $⅝ to $36.

Grumman, the Long Island aerospace group seen by some on Wall Street as the next technology bid target, gave up $1¾ to $32 after rising sharply on Tuesday.

Sperry Corporation, another hot favourite for a bid, continued to rise, adding $⅝ to $56⅝.

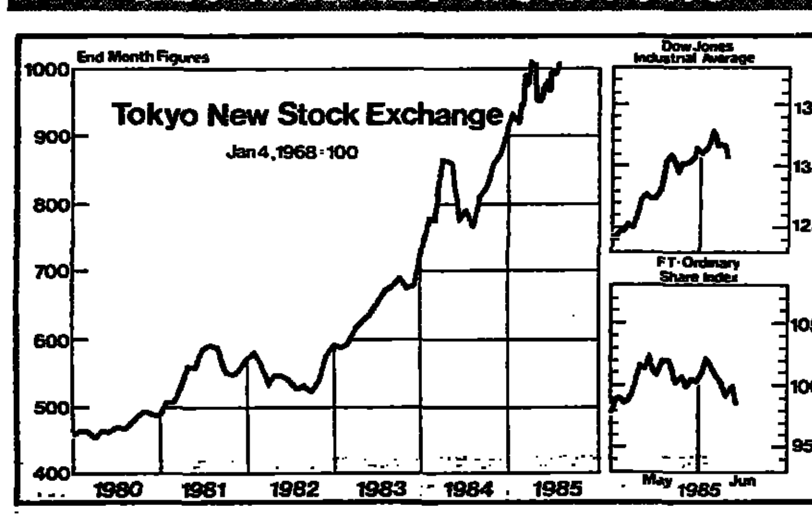
A gain of $⅝ put Warner Communications at $29¾ as investors pondered the implications of American Express's move to sell its half share in Warner-Amex at a "sweetened" price. The Warner board must either join in the sale or buy out American Express. Either course will be complicated by the attempts at a leveraged buyout of Warner by the board, which were stemmed last week by Chris-Craft, the major stockholder.

But the most actively bid stock was RCA, which gained $⅞ to $46¼ after nearly 2m shares were traded. The company has been marked by Wall Street as a potential takeover situation, and there have been signs that arbitrageurs have built up substantial stakes, while waiting for the starting gun.

The confirmation that Citicorp, as head of the creditor banks, has received $250m from Argentina for distribution among the U.S. banks with loans out to that country, had little effect on stock prices. BankAmerica at $19⅝ gave up $⅛, while Manufacturers Hanover, another major creditor, shed $¾ to $38¾.

In the credit markets, short-term rates eased as federal funds slipped lower. In the bond market, turnover was light, with prices just below overnight levels, despite further buying of the bond futures contracts.

KEY MARKET MONITORS



STOCK MARKET INDICES

	June 12	Previous	Year ago
NEW YORK			
DJ Industrials	1,306.34	1,313.84	1,110.53
DJ Transport	642.21	651.33	463.07
DJ Utilities	163.78	163.73	123.31
S&P Composite	187.61	189.04	152.19
LONDON			
FT Ord	984.0	998.4	834.5
FT-SE 100	1,291.4	1,308.1	1,064.7
FT-A All-share	625.39	632.00	497.90
FT-A 500	683.07	691.45	544.37
FT Gold mines	426.6	424.4	670.7
FT-A Long gilt	10.64	10.64	10.77
TOKYO			
Nikkei-Dow	12,748.01	12,758.93	10,324.80
Tokyo SE	1,009.40	1,008.80	795.79
AUSTRALIA			
All Ord.	854.6	856.9	660.0
Metals & Mins.	509.3	511.8	439.1
AUSTRIA			
Credit Aktien	102.75	101.60	54.38
BELGIUM			
Belgian SE	2,336.45	2,349.46	—
CANADA			
Toronto			
Metals & Minls	1,906.01	1,928.9	1,922.0
Composite	2,709.17	2,717.2	2,236.0
Montreal			
Portfolio	132.78	132.96	108.54
DENMARK			
SE	n/a	193.56	181.86
FRANCE			
CAC Gen	229.4	230.3	169.8
Ind. Tendance	128.9	129.3	87.4
WEST GERMANY			
FAZ-Aktien	470.28	464.68	346.54
Commerzbank	1,388.3	1,369.9	1,004.8
HONG KONG			
Hang Seng	1,502.94	1,492.13	958.9
ITALY			
Banca Comm.	323.91	325.34	203.2
NETHERLANDS			
ANP-CBS Gen	211.6	213.8	156.1
ANP-CBS Ind	176.9	178.8	124.2
NORWAY			
Oslo SE	338.51	340.02	253.91
SINGAPORE			
Straits Times	791.32	797.97	926.82
SOUTH AFRICA			
JSE Golds	–	963.0	981.0
JSE Industrials	–	960.8	957.1
SPAIN			
Madrid SE	109.25	109.69	86.78
SWEDEN			
J & P	1,345.46	1,351.14	1,428.87
SWITZERLAND			
Swiss Bank Ind	437.6	435.4	359.3
WORLD	June 11	Prev	Year ago
Capital Int'l	212.2	212.1	177.9

GOLD (per ounce)

	June 12	Prev
London	$314.25	$315.25
Zürich	$316.00	$315.25
Paris (fixing)	$313.42	$311.69
Luxembourg	$314.00	$313.25
New York (Aug)	$316.70	$316.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR June 12	U.S. DOLLAR Previous	STERLING June 12	STERLING Previous
$	–	–	1.2675	1.263
DM	3.089	3.088	3.915	3.9
Yen	249.8	249.85	316.75	315.5
FFr	9.41	9.4125	11.92	11.87
SwFr	2.5985	2.598	3.295	3.2825
Guilder	3.482	3.481	4.3125	4.395
Lira	1,960.5	1,964.5	2,485.0	2,476.0
BFr	62.15	62.25	78.8	78.6
C$	1.3698	1.371	1.733	1.7315

INTEREST RATES

	June 12	Prev
Euro-currencies (3-month offered rate)		
£	12½	12⅝
SwFr	5 5/16	5 5/16
DM	5⅝	5 11/16
FFr	10⅝	10 7/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	7 11/16	7 13/16
6-month U.S.$	7⅞	8
U.S. Fed Funds	7¼	7⅝
U.S. 3-month CDs	7.30	7.45
U.S. 3-month T-bills	7.08	7.11

U.S BONDS

Treasury	June 12* Price	June 12* Yield	Prev Price	Prev Yield
9⅛ 1987	100 22/32	8.72	100 22/32	8.72
11⅞ 1992	108 16/32	10.03	108 17/32	9.99
11¼ 1995	106 30/32	10.12	107 12/32	10.05
11¼ 2015	107 12/32	10.43	108 4/32	10.36
Corporate	**June 12***		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	101⅜	10	101⅜	10
3⅞ July 1990	81.00	8.60	81.00	8.60
8⅜ May 2000	84½	10.90	84½	10.90
Xerox				
10⅞ March 1993	100⅞	10.55	100⅞	10.55
Diamond Shamrock				
10⅜ May 1993	100	10.65	100	10.65
Federated Dept Stores				
10⅜ May 2013	94⅜	11.25	94⅜	11.25
Abbot Lab				
11.80 Feb 2013	105⅛	11.20	105⅛	11.20
Alcoa				
12⅛ Dec 2012	104⅛	11.75	104⅛	11.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	78-09	79-02	78-09	78-19
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.77	92.89	92.75	92.79
Certificates of Deposit (IMM) $1m points of 100%				
June	92.60	92.66	92.58	92.59
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.93	92.09	91.87	91.93
20-year Notional Gilt £50,000 32nds of 100%				
June	106-09	106-16	106-14	106-16

COMMODITIES

(London)	June 12	Prev
Silver (spot fixing)	485.80p	485.85p
Copper (cash)	£1,127.50	£1,125.50
Coffee (July)	£2,080.00	£2,068.50
Oil (spot Arabian light)	$26.425	$26.425

LONDON

Sidelined after drain on funds

NEWS of preliminary figures from Beecham, which failed to meet market expectations, was partly responsible for a reversal in the better trend which developed in London on Tuesday. Beecham shed 28p to 350p.

The current big drain on market funds – the offer-for-sale of 135m Abbey Life shares at 180p closed yesterday and was believed to have been heavily oversubscribed – served to keep institutional investors on the sidelines. Oil price worries resurfaced and trading conditions became rather sensitive.

Yet another setback in electricals, after comment on the problems facing the computer industry, also undermined sentiment.

Lacking any trend from Wall Street, leading industrials opened cautiously and soon began to drift lower in the wake of sporadic selling.

Apart from the electricals, the sharp fall in Beecham contributed to the setback in the FT Ordinary share index which closed 14.4 down at 984.0.

Government stocks, in contrast, continued to edge higher. Trading conditions remained relatively quiet, but assisted by sterling's steady trend, long-dated stocks firmed another ⅛. The shorts also closed a fraction higher.

The announcement of a ¼ per cent reduction in base rates by Barclays and Midland, which brings them into line with the other two major clearing banks, made little impact on sentiment.

Chief price changes, Page 41; Details, Page 40; Share information service, Pages 38-39

HONG KONG

BUYERS stepped into Hong Kong in search of bargains after Tuesday's sharp falls.

Worries were allayed over the banking system, however, when Banking Commissioner Mr Robert Fell said that no other banks had problems similar to those at OTB.

Hang Seng Bank lost 25 cents to HK$46.50 and Bank of East Asia shed 50 cents to HK$23, while Hongkong and Shanghai Bank was steady at HK$7.60.

After a deal to sell OTB subsidiary Hongkong Industrial and Commercial Bank fell through on Monday, its shares were suspended from trading at the bank's request.

Among property shares, Cheung Kong, which lost HK$1.10 in the previous session, added 30 cents to HK$15.60, Hongkong Land gained 15 cents to HK$5.35 and Sun Hung Kai Properties put on 10 cents to HK$10.90.

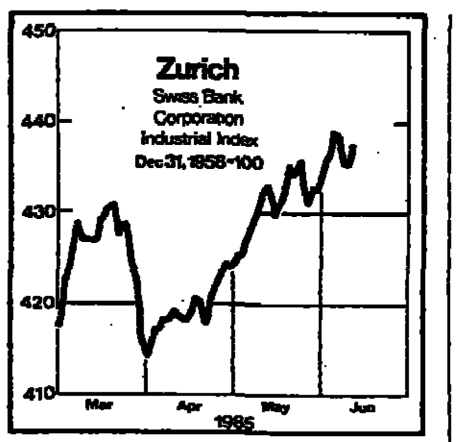
SINGAPORE

BANKING ISSUES suffered heavily in a generally lower Singapore as investors continued to be unnerved by persistently negative rumours.

OCBC, one of the market's blue chips, plunged 20 cents to S$9.00 on speculation that its stock was among the assets found on the former OTB director when he was arrested at Hong Kong's airport.

Malayan Bank shed 10 cents to S$5.90, DBS lost 2 cents to S$2.49 und UOB and OUB were both 4 cents lower at S$4.12 and S$3.14 respectively.

Among other blue chips, industrial Fraser and Neave lost 10 cents to S$5.15 and Genting remained stable at S$6.20. Keppel Shipyards added 2 cents to S$1.60, coinciding with news that the Government intends to reorganise the shipyard industry.



EUROPE

Fresh peaks from foreign enthusiasm

FOREIGN investors again demonstrated faith in the outlook for the West German corporate sector with a concerted round of buying in **Frankfurt** yesterday, which propelled prices to new peaks.

U.S. and British investors were in evidence during pre-opening transactions and maintained their buying momentum until mid-day when domestic profit-taking knocked prices sharply down from their highest levels for the day.

The Commerzbank index, calculated at mid-day, was 18.4 higher at 1,388.3, breaking the record set on Tuesday. The afternoon profit-taking is not reflected in this figure.

BMW's trading pattern was typical of the market's general trend. In unofficial pre-opening trading, the stock was quoted as high as DM 27 up on the previous day. During the late morning it traded DM 9 higher and as the day progressed the advance was worn-down to DM 1.20 as it closed at DM 421.00.

Other automotive stocks performed better overall than BMW. Daimler-Benz was pushed DM 7 higher to DM 430, while Volkswagen added DM 4.50 to DM 283 and tyre maker, Conti-Gummi, 70 pfg to DM 150.70.

Robot maker IWKA became the subject of market interest after a company statement that shareholders were in agreement on a proposal to impose a limit on voting rights. The stock eased DM 2 to DM 360 following Tuesday's DM 22 rise.

In the banking sector, Deutsche eased DM 1 to DM 552 while Commerzbank was also the brunt of profit-taking and closed DM 2.20 down at DM 203.50.

After opening DM 5.50 higher Siemens drifted lower to close DM 1 off at DM 575.50 despite the announcement that its subsidiary, Kraftwerk Union had signed a letter of intent to construct five nuclear power plants in China worth DM 5bn.

Bonds ended slightly higher after stronger sentiment on the U.S. credit markets. Prices were 5 to 10 pfg higher on thin trading. The Bundesbank sold DM 18.9m of paper after selling DM 14.1m in the previous session.

Zurich resumed its climb after a two-day consolidation phase, backed by international buying orders which persisted throughout the day.

Corporate earnings are expected to be a bullish factor for several months with additional encouragement provided by expectations of lower interest rates.

Baer was the focus of attention among the medium-sized banks as it firmed a further SwFr 100 to SwFr 8,800 and Holderbank added SwFr 8 to SwFr 758.

Consolidation strengthened in **Paris**, stretching into its eighth day. Prices closed narrowly lower on light turnover.

Foreign buyers, who had absorbed recent selling from domestic sources, failed to provide support.

Retailers were under pressure for most of the session, having risen consistently over recent weeks. Galeries Lafayette dropped a further FFr 17 to FFr 561, while Printemps fell FFr 7 to FFr 296.

Peugeot stood out in the automotive sector with a FFr 5 rise to FFr 403, as the Government announced a loan for a joint high-tech venture.

Amsterdam prices retreated across a broad during a dull session.

Declines were led by Philips which fell Fl 3.20 to Fl 52.90 on news that its U.S. subsidiary had forecast disappointing second-quarter results.

Among other leading international stocks, Royal Dutch/Shell fell 50 cents to Fl 191.90, Akzo Fl 1.20 to Fl 11.40, Unilever 50 cents to Fl 347.50 and KLM Fl 1 to Fl 62.30.

The banking sector was weaker. ABN fell Fl 2 to Fl 454, Amro Fl 1 to Fl 79.20 and NMB Fl 2.20 to Fl 189.50.

Government bond prices were quiet and only marginally changed as traders awaited a lead from the U.S.

A slight resurgence pushed prices off their lows for the day in **Brussels**, although a large number of stocks registered declines.

Kredietbank was the weakest of the banks and closed BFr 60 down at BFr 8,990, while Solvay was at the forefront of selling among chemical stocks and finished BFr 100 lower at BFr 4,590.

Sellers moved into trading in **Milan** in response to the impressive gains which preceeded and followed the outcome of the national wage fixing referendum.

Stocks singled out for selling were Fiat, which eased L15 to L3,430, Italcementi L1,300 to L95,400 and Generali L480 to L49,500.

Montedison moved against the trend to close at a record, following a further L42 rise to L1,821.

Stockholm ended marginally lower after another uninspired session dampened by continuing doubts about interest rates and the general economic outlook.

TOKYO

Ground lost on higher turnover

A DOWNWARD drift emerged during trading in Tokyo yesterday, despite consistent brisk activity in large-capital stocks and incentive-backed issues, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average rose to a record 12,795.82 in early trading, but closed 10.92 points lower from the previous day at 12,748.01. Volume swelled to 639.98m shares from the preceding day's 437.63m. Gainers outnumbered losers by 432 to 366, with 141 issues unchanged.

Buying interest in large-capital stocks remained strong, with Mitsubishi Heavy Industries (MHI) again heading the active list with 122.27m shares traded. It closed Y12 up at Y324 after peaking Y14 higher. The issue accounted for 19 per cent of trading in the 10 most active issues.

Speculative interest in MHI was fuelled by reports that Mitsubishi Motors, 85 per cent owned by MHI, would sell 5 per cent of its outstanding shares to Chrysler of the U.S. Institutional and individual investors led the buying.

Nippon Steel, the second busiest stock with 43.98m shares traded, gained Y1 to Y161. Nippon Yusen third with 27.88m shares, ended unchanged at Y312, while Kawasaki Heavy Industries, fourth with 21.94m shares, advanced Y12 to Y186.

Incentive-backed issues were in the spotlight. Sumitomo Metal Mining, which plans to start boring in July at its Hishikari gold mine in Kagoshima prefecture, western Japan, was the sixth most active stock with 12.66m shares, adding Y10 to Y1,970.

Biotechnology-related stocks fared well, Shionogi, the tenth most active issue with a turnover of 10.17m shares, gained Y15 to Y860, Tsumura Juntendo Y160 to Y1,930 and Eisai Y90 to Y1,380.

Asset-heavy stocks were also bought, with Nippon Express rising Y2 to Y433, Tokyu Hotel Y31 to Y716 and Mitsubishi Estate Y7 to Y785.

Conversely, blue chips eased off on small-lot selling. Hitachi lost Y10 to Y735, Sony Y40 to Y4,130 and NEC Y20 to Y1,050.

Bond prices firmed as trust and city banks stepped up buying in response to the downtrend of U.S. interest rates. Selling orders were prompted by lingering investor concern about higher price levels.

The yield on 7.3 per cent government bonds, maturing in December 1993, declined to 6.455 per cent from the previous day's 6.460 per cent and the yield on 6.8 per cent bonds, falling due in December 1994, to 6.540 per cent from 6.560 per cent.

AUSTRALIA

DULL trading left Sydney lower with foreign buying interest waning as the local currency climbed against the U.S. dollar.

Declines led advances by 244 to 170. By the end of the day, the All Ordinaries share index had slipped 2.3 to 854.6 and the Metals and Minerals index at 509.3 was 2.5 lower.

Gold shares continued to be affected by concern over tax reforms. Central Norseman shed 30 cents to A$7.70, Gold

Mines of Kalgoorlie fell 10 cents to A$8.70 but Bougainville was steady at A$2.02.

Diversified resource stocks slipped slightly in early trading but returned to end steady. BHP was unchanged at A$6.18 and CSR, which plans a A$40m Euronote issue, continued at A$2.71.

Elders IXL, which is creating a new listed company Elders Resources with assets of about A$230m, also ended unchanged at A$2.90.

MIM, which has completed the sale of its stake in the Mt Goldsworthy iron ore venture in Western Australia, shaded 4 cents lower to A$2.78 and in other miners, CRA also fell 4 cents to A$5.94.

Among banking issues, Westpac fell 4 cents to A$4.20, National Australia Bank ended 5 cents off at A$4.30, while the Australia and New Zealand Banking group added 7 cents to A$4.52.

CANADA

THIN TRADING persisted in Toronto, restricting price movements to within narrow limits.

Almost all sectors featured significant losers, however, a firm overall trend again failing to emerge.

Bank stocks were mixed, with the Royal Bank trading up C$⅛ to C$30⅜ while Canadian Imperial was down C$¼ to C$34⅜ and Bank of Montreal shared the same decline to C$29⅜.

Among oils Texaco Canada traded C$¼ lower at C$31⅞ and Noreen jumped C$¼ to C$15½. Dome was one of the most active stocks as it lost 11 cents to C$2.85.

Montreal was generally weaker, although banking and industrial stocks were well supported.

SOUTH AFRICA

MINING FINANCIALS ended generally easier in Johannesburg and gold shares recovered after also trading easier in response to the mixed reaction to the firmer price of bullion.

Kloof put on 50 cents to R75, while Buffels shed a similar amount to R73. Anglo American Gold added R2 to R170.

In insurances, Liberty Life rose 50 cents to R77.50 after news of its R446m takeover bid for Capital and Countries of the UK.